Farm Board, and Secretary of Agriculture, Hon. Arthur M. Hyde, before the annual meeting of the Chamber of Commerce of the United States at Washington the week ending May 3, 1930; to the Committee on Agriculture.

7381. By Mr. KORELL: Petition of citizens of Multnomah County, Oreg., favoring the passage of House bill 8976; to the Committee on Pensions.

7382. By Mr. MEAD: Petition of Woman's Christian Temperance Union, of Hamburg, N. Y., re legislation for Federal supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

7383. Also, petition of National League of Women Voters, favoring legislation on maternal and child hygiene; to the Committee on Interstate and Foreign Commerce.

7384. Also, petition of Woman's Christian Temperance Union, of Woodlawn Beach, N. Y., re legislation for Federal supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

7385. By Mrs. NORTON: Petition of William Peters and others, of Jersey City, N. J., against proposed calendar change of weekly cycle; to the Committee on Foreign Affairs.

7386. By Mr. SMITH of West Virginia: Resolution adopted by the State Bridge Commission of West Virginia, praying for the elimination of toll bridges in West Virginia, and that in the future the Congress of the United States shall not issue franchises for construction thereof within or partly within said State; to the Committee on Interstate and Foreign Commerce.

7387. Also, resolution adopted by the district convention of the ninth district of the American Legion, Department of West Virginia, held at Elkins, W. Va., on May 22, 1930, urging the amendment of certain sections of House bill 10381; to the Committee on World War Veterans' Legislation.

7388. By Mr. SULLIVAN of Pennsylvania: Petition of the firm of Watson & Freeman, Pittsburgh, Pa., protesting against amending House bill 9433, the Federal farm loan act; to the Committee on Banking and Currency.

7389. By Mr. WOLVERTON of West Virginia: Petition of Daniel N. McCartney, of Silica, W. Va., urging Congress to take favorable action of the Patman bill, providing for payment of veterans' adjusted compensation certificates; to the Committee on Ways and Means.

SENATE

TUESDAY, *May 27, 1930*

(Legislative day of Monday, May 26, 1930)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Farrell, its enrolling clerk, announced that the House had passed the joint resolution (S. J. Res. 77) providing for the closing of Center Market in the city of Washington, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 4015. An act to provide for the revocation and suspension of operators' and chauffeurs' licenses and registration certificates; to require proof of ability to respond in damages for injuries caused by the operation of motor vehicles; to prescribe the form of and conditions in insurance policies covering the liability of motor-vehicle operators; to subject such policies to the approval of the commissioner of insurance; to constitute the director of traffic the agent of nonresident owners and operators of motor vehicles operated in the District of Columbia for the purpose of service of process; to provide for the report of accidents; to authorize the director of traffic to make rules for the administration of this statute; and to prescribe penalties for the violation of the provisions of this act, and for other purposes;

H. R. 9641. An act to control the possession, sale, transfer, and use of dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes; and

H. R. 12571. An act to provide for the transportation of school children in the District of Columbia at a reduced fare.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 218. An act to place Norman A. Ross on the retired list of the Navy;

S. 286. An act for the relief of Thelma Phelps Lester;

S. 888. An act for the relief of Francis J. McDonald;

S. 1309. An act granting six months' pay to Mary A. Bourgeois;

S. 1572. An act for the relief of the Allegheny Forging Co.;

S. 1578. An act to extend the times for commencing and completing the construction of a bridge across the Illinois River, at or near Peoria, Ill.;

S. 2245. An act for the relief of A. H. Cousins;

S. 2524. An act for the relief of J. A. Lemire;

S. 3189. An act for the relief of the State of South Carolina for damages to and destruction of roads and bridges by floods in 1929;

S. 3586. An act for the relief of George Campbell Armstrong;

S. 3910. An act to authorize the President to appoint Capt. Charles H. Harlow a commodore on the retired list;

S. 4182. An act granting the consent of Congress to the county of Georgetown, S. C., to construct, maintain, and operate a bridge across the Peedee River and a bridge across the Waccamaw River, both at or near Georgetown, S. C.;

S. 4481. An act authorizing the exchange of certain real properties situated in Mobile, Ala., between the Secretary of Commerce on behalf of the United States Government and the Gulf, Mobile & Northern Railroad Co., by the appropriate conveyances containing certain conditions and reservations;

H. R. 293. An act for the relief of James Albert Couch, otherwise known as Albert Couch;

H. R. 567. An act for the relief of Rolla Duncan;

H. R. 591. An act for the relief of Howard C. Frink;

H. R. 649. An act for the relief of Albert E. Edwards;

H. R. 666. An act authorizing the Secretary of the Treasury to pay to Eva Broderick for the hire of an automobile by agents of Indian Service;

H. R. 833. An act for the relief of Verl L. Amsbaugh;

H. R. 1198. An act to authorize the United States to be made a party defendant in any suit or action which may be commenced by the State of Oregon in the United States District Court for the District of Oregon for the determination of the title to all or any of the lands constituting the beds of Malheur and Harney Lakes in Harney County, Oreg., and lands riparian thereto, and to all or any of the waters of said lakes and their tributaries, together with the right to control the use thereof, authorizing all persons claiming to have an interest in said land, water, or the use thereof to be made parties to or to intervene in said suit or action, and conferring jurisdiction on the United States courts over such cause;

H. R. 1837. An act for the relief of Kurt Falb;

H. R. 2152. An act to promote the agriculture of the United States by expanding in the foreign field the service now rendered by the United States Department of Agriculture in acquiring and diffusing useful information regarding agriculture, and for other purposes;

H. R. 2604. An act for the relief of Don A. Spencer;

H. R. 5259. An act to amend section 939 of the Revised Statutes;

H. R. 5262. An act to amend section 829 of the Revised Statutes of the United States;

H. R. 5266. An act to amend section 649 of the Revised Statutes (U. S. C., title 28, sec. 773);

H. R. 5268. An act to amend section 1112 of the Code of Law for the District of Columbia;

H. R. 6083. An act for the relief of Goldberg & Levkoff;

H. R. 6084. An act to ratify the action of a local board of sales control in respect to contracts between the United States and Goldberg & Levkoff;

H. R. 6142. An act to authorize the Secretary of the Navy to lease the United States naval destroyer and submarine base, Squantum, Mass.;

H. R. 6151. An act to authorize the Secretary of War to assume the care, custody, and control of the monument to the memory of the soldiers who fell in the Battle of New Orleans at Chalmette, La., and to maintain the monument and grounds surrounding it;

H. R. 6414. An act authorizing the Court of Claims of the United States to hear and determine the claim of the city of Park Place, heretofore an independent municipality but now a part of the city of Houston, Tex.;

H. R. 7333. An act for the relief of Allen Nichols;

H. R. 8854. An act for the relief of William Taylor Coburn;

H. R. 9154. An act to provide for the construction of a revetment wall at Fort Moultrie, S. C.;

H. R. 9334. An act to provide for the study, investigation, and survey, for commemorative purposes, of the battle field of Saratoga, N. Y.;

H. R. 10082. An act to authorize the attendance of the Marine Band at the national encampment of the Grand Army of the Republic at Cincinnati, Ohio;

H. R. 10877. An act authorizing appropriations to be expended under the provisions of sections 4 to 14 of the act of March 1, 1911, entitled "An act to enable any State to cooperate with any other State or States, or with the United States, for the protection of the watersheds of navigable streams, and to appoint a commission for the acquisition of lands for the purpose of conserving the navigability of navigable rivers," as amended;

H. R. 11703. An act granting the consent of Congress to the city of Olean, N. Y., to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Olean, N. Y.; and

H. J. Res. 343. Joint resolution to supply a deficiency in the appropriation for miscellaneous items, contingent fund of the House of Representatives.

TRAFFIC LIGHTS IN THE DISTRICT OF COLUMBIA

Mr. JONES. Mr. President, there has been considerable agitation in the District with reference to traffic lights. A great many people, especially those from outside the District, seem to be urging that a system should be devised which would be more in conformity with various traffic-light systems throughout the country. I have looked into the matter very carefully myself, and I think that we have about the best traffic-light system in the District that there is in the country. Instead of being backward we are forward, and the other cities should come up to us.

I have here a statement from our assistant director of traffic explaining the system and the reasons for it. I think it is so important, because the traffic-light system is a very important matter in the handling of traffic in the District, that it should be printed in the RECORD. Accordingly I ask that that may be done.

The VICE PRESIDENT. Without objection, it is so ordered. The statement is as follows:

THE ROTARY LEFT TURN

The first traffic light in Washington was placed in operation at the intersection of New Hampshire Avenue and Eighteenth Street on November 26, 1925. The plan adopted at that time for making the left turn was to "pull to the right of moving traffic and stop, and then when the light ahead turns red complete the turn." This was provided for in the regulations approved by the commissioners on December 15, 1925.

This regulation was clarified on June 3, 1926, and the following was adopted: "When confronted by a green light pull to the right as far as possible and stop as near to the far curb of the intersecting street as convenient for turning, then proceed in the desired direction when the light on the intersecting street changes to green."

At the request of the police department this regulation was further amended on June 1, 1928, by providing that the left turn should be made at policed intersections in the same manner as at a traffic light controlled intersection for the purpose of securing uniformity in the left-hand-turn movement. This left-turn movement is what might be known as the "rotary turn."

The first regulation adopted in 1925 and the amendments in 1926 and 1928 were approved by the traffic council after a thorough discussion in the public press, and after an exhaustive study had been made of the left-turn movement in nearly all of the large eastern and middle western cities.

It is now proposed that in the interest of uniformity we return to the old method of making the left turn. If this is done, we will probbly be forced to do what is done in most of the large cities where this method of turning is in vogue, and that is prohibit the left turn at many important intersections altogether and at many other intersections during the rush hour.

It should be borne in mind that at many of our intersections the volume of traffic consists of from 20 to 30 cars in each direction per minute. To permit cars to drive to the center and make a left turn against this volume of traffic would, in my opinion, cause congestion and would be dangerous and impractical. It would defeat the very purpose for which traffic lights are installed, because it would permit the left-turn movement against a red light in the intersecting street, thus endangering pedestrians who may be crossing on proper signal.

If the complete left turn is permitted on the green light, as now proposed, there would be no time when the pedestrian could safely cross the street. The right turn on the green is bad enough, but the left turn on the green would be more dangerous.

We have a regulation here which provides that no vehicle shall pass another vehicle on the right. If we return to the old method of making the left turn, the vehicle on the right and those approaching an intersection to make a left turn would have to stop, or the regulation would have to be so amended as to permit vehicles to pass on the right.

Our regulations provide that a vehicle making a turn shall give the right of way to through traffic. Under our present plan through traffic is given this right of way, but under the center left-turn plan through traffic is delayed and endangered.

It is realized that our rotary left turn may be confusing at first to out-of-town motorists, but are we to sacrifice safety for the benefit of visiting motorists?

Traffic officers tell me that they have very little trouble with strangers, who soon "catch on" to our method. They also tell me that at such intersections as Fourteenth Street and Pennsylvania Avenue there has been a considerable reduction in accidents caused by the left turn since the new method was adopted. Our own drivers are fairly familiar with the "rotary turn," and another change at this time in this fundamental rule of the road would only tend to confuse them and to complicate the situation.

Would it not be advisable to make no further change in this respect until we are able to say with some degree of certainty that accidents have increased or decreased at controlled intersections since June 1, 1928, when the last amendment was adopted?

According to the United States census figures, Washington during the past three years has maintained the lowest traffic fatality record per 100,000 population of any city of its size or larger in the United States. Our traffic lights and our method of turning on the lights has no doubt contributed to this result.

Cleveland, Ohio, makes the left turn in the same way that it is made in Washington. It is my understanding that after a thorough investigation and study Cleveland has decided not to change.

I have given this matter careful study for several years, and feel that it would be a great mistake from a safety standpoint to return to the old method: First, because it jeopardizes the lives of pedestrians who are crossing the intersecting street on proper signal; and, second, because such a left-turn movement interferes with traffic moving on the green signal.

M. O. ELDRIDGE,
Assistant Director of Traffic, Washington, D. C.

NOVEMBER 30, 1928.

THE FLEXIBLE-TARIFF PROVISION

Mr. BORAH. Mr. President, I ask unanimous consent to have inserted in the RECORD an editorial on the flexible tariff which appeared in the New York World of yesterday.

The VICE PRESIDENT. Without objection, it is so ordered. The editorial is as follows:

[From the New York World, May 26, 1930]

A COMMISSION TO TAX US

The compromise agreement on the flexible tariff which has been adopted by the conference committee of Congress is even worse than the plan embodied in the House bill. The new arrangement will commend itself neither to the advocates nor to the opponents of high protection. It avoids the bad features of the House bill without eliminating those in the present law, and then it adds new features which are the worst of all.

The present law has not satisfied the extreme protectionists, in spite of the fact that when duties have been changed under it they have been raised in four cases out of five. The upward-flexing process did not work with sufficient speed to suit those who wished to profit by it. Every change in a duty required a lengthy investigation of the production costs on an article in the United States and some foreign country, and this sometimes required several years for its completion.

The framers of the House bill, with their accustomed generosity to seekers of tariff favors, undertook to make flexibility more flexible, and so they abandoned the traditional Republican policy of basing rates on production costs and provided that duties should be readjusted so as to equalize the differences in competitive conditions between domestic and imported goods in the home markets.

This "equalization of competitive conditions" is a vague and elastic term, and had it been made the basis for rate changes it would have given the President a much wider discretion in the exercise of his power to lay new tariff taxes than he possesses under the existing law. Such an extension of his authority was of doubtful constitutionality, and in the opinion of some stanch Republicans it was also of doubtful political expediency, inasmuch as it might be employed by some future President with low-tariff leanings as a means of effecting a downward revision of the important rates.

In the year which has passed since the House voted for this new scheme of flexibility its tariff makers have had opportunity for reflection, and they have now agreed with the Senate conferees to adhere to the original method of basing rate changes on differences in foreign and domestic production costs. So far so good. The conferees, however, have rejected the Senate's plan for placing the control of flexible duties in the hands of Congress, where under the Constitution the taxing power rightfully belongs, and have left this authority largely in the hands of the Tariff Commission.

Under the Senate plan the President would have submitted the findings of the Tariff Commission to Congress, and Congress would then have decided whether or not to change the duty. The objection that

the bringing up of a single rate before Congress would throw open the whole tariff law for revision was met by the provision that in the consideration of the bill providing for this new rate no amendment should be offered which was not germane to the item under discussion.

The adoption of this plan would have put an end to the periodic general revisions of the tariff which are so conducive to lobbying and vote swapping and which usually prove disturbing to business. Individual rates would have been changed from time to time after a commission of experts notified Congress that such changes were needed. Congress would have been saved an enormous amount of labor and vexation; producers would have obtained a square deal and no more, and consumers would have been saved from exploitation.

The conferees have rejected this desirable system for one which retains the objectionable features of the present law and seems to be of even more dubious constitutionality. At present the Tariff Commission merely investigates comparative costs of production here and abroad and submits the facts to the President, leaving the decision as to rate changes to him. Under the plan adopted by the conference committee the commission is required to recommend to the President specific changes in rates and classifications, and unless he approves or disapproves its recommendations within 60 days they go into effect without his action.

This is clearly a radical departure from the fundamental principle of taxation by the people's duly elected representatives. A tariff rate is certainly a tax, and a tariff rate adopted by an appointive commission, which the President is under a mandate to approve or veto just as he approves or vetoes an act of Congress, is clearly taxation without representation.

It has been generally assumed that President Hoover's desire to retain control over the flexible duties arose from his belief that he could correct any defects or any injustice which might appear in the bill after it came from Congress. Under the new plan he has no such power. The commission may name a rate, and he must take it or leave it. In all other respects his hands are tied. The commission ceases to be merely a fact-finding organization and becomes a lawmaking and taxing body, and the President's relation to it is practically the same as his relation to Congress. He may veto its acts, or he may approve them, or he may allow them to become the law of the land without his signature.

Mr. Hoover's acceptance of any such arrangement will involve a complete reversal of the position which he took on the tariff in his speech in Boston on October 15, 1928, during the presidential campaign. On that occasion he strongly opposed any further delegation of authority to the Tariff Commission, saying:

"There is only one commission to which the delegation of that authority can be made. That is the great commission of their own (the people's) choosing—the Congress of the United States and the President."

The Republican leaders now propose to delegate that authority to a commission not of the people's choosing. Will Mr. Hoover stand his ground and use his veto to prevent this supplanting of the powers of Congress and this destruction of the constitutional rights of the people?

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	Gillett	McCulloch	Smoot
Ashurst	Glass	McKellar	Steck
Barkley	Glenn	McMaster	Steiwer
Bingham	Goff	McNary	Stephens
Black	Goldsborough	Metcalf	Sullivan
Blaine	Greene	Norbeck	Swanson
Borah	Hale	Norris	Thomas, Idaho
Bratton	Harris	Nye	Thomas, Okla.
Brock	Harrison	Oddie	Townsend
Broussard	Hastings	Overman	Trammell
Capper	Hatfield	Patterson	Tydings
Caraway	Hawes	Phipps	Vandenberg
Connally	Hayden	Pine	Wagner
Copeland	Hebert	Pittman	Walcott
Couzens	Heflin	Ransdell	Walsh, Mass.
Cutting	Howell	Reed	Walsh, Mont.
Dale	Johnson	Robinson, Ark.	Waterman
Deneen	Jones	Robinson, Ind.	Watson
Dill	Kean	Robsion, Ky.	Wheeler
Fess	Kendrick	Sheppard	
Frazier	Keyes	Shortridge	
George	La Follette	Simmons	

Mr. LA FOLLETTE. The senior Senator from Minnesota [Mr. SHIPSTEAD] is unavoidably absent. I ask that this announcement may stand for the day.

Mr. SHEPPARD. I wish to announce that the Senator from Florida [Mr. FLETCHER] and the Senator from South Carolina [Mr. SMITH] are detained from the Senate by illness.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

PROMOTION OF VOCATIONAL REHABILITATION

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 10175) to amend an act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. METCALF. I move that the Senate insist on its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. METCALF, Mr. COUZENS, and Mr. WALSH of Massachusetts conferees on the part of the Senate.

PETITIONS

Mr. ALLEN presented a communication from J. H. Hoeppel, manager of the Retired Men's News, of Arcadia, Calif., in reference to the bill (H. R. 10662) providing for hospitalization and medical treatment of transferred members of the Fleet Naval Reserve and the Fleet Marine Corps Reserve in Government hospitals without expense to the reservist, and suggesting the inclusion therein of enlisted men retired from the Army after 30 years' service, which was referred to the Committee on Naval Affairs.

Mr. PHIPPS presented the petition of F. B. Morris and sundry other citizens of Breckenridge, Colo., praying that the Congress promptly take such action "as may be necessary to allow the people decisively to say whether or not they desire to retain or to repeal the eighteenth amendment, and to do so in such a manner that their action will not be complicated nor confused with other issues," which was referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES

Mr. McNARY, from the Committee on Agriculture and Forestry, to which were referred the following bills, reported them severally without amendment and submitted reports thereon as indicated:

S. 3409. A bill to provide for the collection and publication of statistics of peanuts by the Department of Agriculture;

S. 3594. A bill authorizing appropriations for the construction and maintenance of improvements necessary for protection of the national forests from fire, and for other purposes (Rept. No. 731); and

H. R. 10037. An act to amend the act entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1929, and for other purposes," approved May 16, 1928 (Rept. No. 732).

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (S. 3344) supplementing the national prohibition act for the District of Columbia, reported it with amendments and submitted a report (No. 736) thereon.

Mr. CARAWAY, from the Committee on Claims, to which was referred the bill (S. 654) for the relief of certain persons formerly having interests in Baltimore and Harford Counties, Md., reported it with amendments and submitted a report (No. 737) thereon.

Mr. HOWELL, from the Committee on Claims, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

H. R. 937. An act for the relief of Nellie Hickey (Rept. No. 738);

S. 2854. A bill for the relief of Mrs. A. K. Root (Rept. No. 739); and

S. 3551. A bill for the relief of William J. Cocke (Rept. No. 740).

Mr. HOWELL also, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2790. A bill for the relief of D. B. Traxler (Rept. No. 741);

H. R. 940. An act for the relief of James P. Hamill (Rept. No. 742); and

H. R. 1559. An act for the relief of John T. Painter (Rept. No. 743).

ENROLLED BILLS PRESENTED

Mr. GREENE, from the Committee on Enrolled Bills, announced that on to-day, May 27, 1930, that committee presented to the President of the United States the following enrolled bills:

S. 15. An act to amend the act entitled "An act to amend the act entitled 'An act for the retirement of employees in the classified civil service, and for other purposes,' approved May 22, 1920, and acts in amendment thereof," approved July 3, 1926, as amended;

S. 218. An act to place Norman A. Ross on the retired list of the Navy;

S. 286. An act for the relief of Thelma Phelps Lester;

S. 888. An act for the relief of Francis J. McDonald;

S. 1309. An act granting six months' pay to Mary A. Bourgeois;

S. 1572. An act for the relief of the Allegheny Forging Co.;

S. 1578. An act to extend the times for commencing and completing the construction of a bridge across the Illinois River, at or near Peoria, Ill.;

S. 2245. An act for the relief of A. H. Cousins;

S. 2524. An act for the relief of J. A. Lemire;

S. 3189. An act for the relief of the State of South Carolina for damages to and destruction of roads and bridges by floods in 1929;

S. 3586. An act for the relief of George Campbell Armstrong;

S. 3910. An act to authorize the President to appoint Capt. Charles H. Harlow a commodore on the retired list;

S. 4182. An act granting the consent of Congress to the county of Georgetown, S. C., to construct, maintain, and operate a bridge across the Peedee River and a bridge across the Waccamaw River, both at or near Georgetown, S. C.; and

S. 4481. An act authorizing the exchange of certain real properties situated in Mobile, Ala., between the Secretary of Commerce on behalf of the United States Government and the Gulf, Mobile & Northern Railroad Co., by the appropriate conveyances containing certain conditions and reservations.

REPORT OF POSTAL NOMINATIONS

Mr. ODDIE, as in executive session, from the Committee on Post Offices and Post Roads, reported sundry post-office nominations, which were placed on the Executive Calendar.

REPORTS FROM COMMITTEE ON FINANCE

Mr. GEORGE. Mr. President, I inquire of the Senator from Utah if he expects this morning to report the measures which were considered to-day by the Finance Committee?

Mr. SMOOT. I will say to the Senator that I had intended to report from the Finance Committee two bills and a joint resolution which were agreed to unanimously by that committee this morning, and I had intended to ask for their immediate consideration if there should be no objection.

Mr. ROBINSON of Arkansas. Mr. President, the Senate is certainly entitled to know what the measures are and what changes they contemplate in existing law.

Mr. COUZENS. Let them be read.

Mr. ROBINSON of Arkansas. Let them be reported for the information of the Senate.

SETTLEMENT OF GERMAN INDEBTEDNESS ON AWARDS OF MIXED CLAIMS COMMISSION

Mr. SMOOT. From the Committee on Finance I report back favorably without amendment the bill (H. R. 10480) to authorize the settlement of the indebtedness of the German Reich to the United States on account of the awards of the Mixed Claims Commission, United States and Germany, and the cost of the United States army of occupation, and I submit a report (No. 733) thereon. I ask unanimous consent for the immediate consideration of the bill.

The VICE PRESIDENT. Is there objection?

Mr. ROBINSON of Arkansas. Mr. President, I inquire what are the provisions of the bill? What does the bill seek to accomplish?

Mr. SMOOT. The Senator will remember that there was an indebtedness owed by Germany to the United States on account of the American army of occupation following the World War, and there have been various awards by the Mixed Claims Commission. In explanation I will quote the following from the report accompanying the bill:

Army costs

Total army cost charges (gross), including expenses of Interallied Rhineland High Commission (American department)		$292,663,435.79
Credits to Germany:		
Armistice funds (cash requisitions on German Government)	$37,509,605.97	
Provost fines	159,033.64	
Abandoned enemy war material	5,240,759.29	
Armistice trucks	1,532,088.34	
Spare parts for armistice trucks	355,546.73	
Coal acquired by army of occupation	756.33	
		44,797,790.30
		247,865,645.49
Payments received:		
Under the army cost agreement of May 25, 1923, which was superseded by agreement of Jan. 14, 1925	14,725,154.40	
Under Paris agreement of Jan. 14, 1925	39,203,725.89	
		53,928,880.29
Balance due as of Sept. 1, 1929		193,936,765.20

After allowing for the 10 per cent reduction, amounting to $29,266,343.58, the sum due on account of army costs will be $164,670,421.62. The United States will receive on account of this debt about $249,000,000 in varying annuities over a period of 37 years. The difference of about $85,000,000 is intended to compensate the United States for the deferment of its payments over a 37-year period rather than the 15-year period provided for under the Paris agreement, and represents interest at a rate of about 3½ per cent per annum on such deferred payments.

A statement of the estimated amount still due from Germany as of September 1, 1929, on account of the awards of the Mixed Claims Commission follows:

Mixed claims

Principal of awards certified to Treasury for payment	$113,295,478.68	
Interest up to Aug. 31, 1929	59,407,605.03	
		$172,703,083.71
Estimated principal amount of awards yet to be entered and certified	32,000,000.00	
Estimated interest up to Aug. 31, 1929	21,000,000.00	
		53,000,000.00
Awards to United States Government	42,034,794.41	
Interest up to Aug. 31, 1929	22,900,000.00	
		64,934,794.41
		290,637,878.12
Received from Germany up to Aug. 31, 1929	31,831,472.03	
Earnings and profits on investments	2,149,692.70	
		33,981,164.73
Estimated balance due as of Sept. 1, 1929		256,656,713.39

The bill provides for the final settlement of that indebtedness.

Mr. ROBINSON of Arkansas. What is the settlement for which the bill provides?

Mr. SMOOT. I presume the easiest way to make that known would be to have the bill itself read.

Mr. ROBINSON of Arkansas. Can not the Senator state the provision which it is proposed to make? He is undertaking to state the provisions of the bill, and I am entirely content to have him tell the Senate what the settlement is, in general terms.

Mr. SMOOT. I will be glad to advise the Senate as to that.

Mr. ROBINSON of Arkansas. May I inquire of the Senator when the bill was taken up by the committee, and whether it was fully sustained by the committee?

Mr. SMOOT. It was fully sustained by the committee.

Mr. ROBINSON of Arkansas. I ask the Senator from Georgia, the Senator from Oklahoma, and the Senator from Kentucky whether they were present when the bill was considered in the committee and whether they joined in the report?

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Georgia?

Mr. SMOOT. I yield.

Mr. GEORGE. I will say to the Senator that the report was unanimous on the bill and the minority did join in the report.

Mr. SMOOT. I have filed a report to accompany the bill, but if the Senator desires me to read the payments which are to be made, I will do so.

Mr. WALSH of Massachusetts. In further reply to the Senator from Arkansas, let me say that there was a large representation of the minority, and all agreed to the report of the bill.

Mr. ROBINSON of Arkansas. Then, I have no objection to the present consideration of the bill.

Mr. SMOOT. I ask that the report be printed in the RECORD.

Mr. ROBINSON of Arkansas. I think the report should be printed in the RECORD.

The VICE PRESIDENT. Without objection, the report accompanying the bill will be printed in the RECORD.

The report (No. 733) is as follows:

[S. Rept. No. 733, 71st Cong., 2d sess.]

SETTLEMENT OF INDEBTEDNESS OF GERMAN REICH

Mr. SMOOT, from the Committee on Finance, submitted the following report (to accompany H. R. 10480):

The Committee on Finance, to whom was referred the bill (H. R. 10480) to authorize the settlement of the indebtedness of the German Reich to the United States on account of the awards of the Mixed Claims Commission, United States and Germany, and the costs of the United States army of occupation, having had the same under consideration, report it back to the Senate without amendment and recommend that the bill do pass.

Following is a copy of the House report on the bill:

[H. Rept. No. 1089, 71st Cong., 2d sess.]

The Committee on Ways and Means, to whom was referred the bill (H. R. 10480) to authorize the settlement of the indebtedness of the

German Reich to the United States on account of the awards of the Mixed Claims Commission, United States and Germany, and the costs of the United States army of occupation, having had the same under consideration, report it back to the House with an amendment, and recommend that as amended the bill do pass.

The amendment is as follows:

"On page 3, line 18, after the word 'of,' strike out the remainder of the paragraph down to the period and insert, '1/2790 kilogram of fine gold.'

This amendment corrects a clerical error in the last sentence of the last section of the bill.

The agreement authorized by the bill will be the first agreement between the United States and Germany for the liquidation of Germany's treaty obligations on account of (1) reimbursement to the United States for the expenses of its army of occupation, and (2) payment of the awards entered by the Mixed Claims Commission, United States and Germany, on behalf of the United States Government and its nationals.

The law authorizing the German Government to execute the proposed agreement was approved by President Hindenburg on March 13, 1930.

Under the terms of the armistice convention signed November 11, 1918, and of the treaty restoring friendly relations signed at Berlin, August 25, 1921, Germany is obligated to pay to the United States the costs of its army of occupation and the awards entered in favor of the United States Government and its nationals by the Mixed Claims Commission, United States and Germany, established pursuant to the agreement of August 10, 1922. Although payments have been received on account of these claims through arrangements which this Government has had with the principal allied creditor powers, the United States has had no direct arrangement with Germany for the liquidation of these obligations. Now that Germany has concluded negotiations with all the allied creditor powers for the final liquidation of her war debts to them, which will probably become effective early in May of this year and in which the United States has no participation, it becomes necessary, if the United States is to continue receiving payments on account of these claims against Germany, to provide for them by agreement with that Government.

The Wadsworth agreement, signed May 25, 1923, by the principal allied powers and the United States provided that the United States should be reimbursed for the expenses of its army of occupation in 12 equal annual installments, the first to be paid on or before December 31, 1923. The United States was to be paid these annual installments out of funds to be collected by the allied powers from Germany. This agreement was never ratified, but certain funds aggregating $14,725,154.40 were set aside under it and were released to the United States upon the coming into force of the Paris agreement of January 14, 1925.

In the fall of 1923, due to the unstable conditions in Germany, it was apparent that the payments demanded by the Allies from Germany far exceeded its immediate capacity to pay, and the whole question of the payment of Germany's war obligations came up for consideration. The Reparation Commission in its decision of November 30, 1923, invited a committee of experts, headed by Gen. Charles G. Dawes, to consider the means of balancing the German budget and the measures to be taken to stabilize the currency of Germany as well as to determine what reparation payments might be made by Germany in the immediate future. This committee's report, generally referred to as the Dawes plan, was made in the spring of 1924.

The United States was not a party to the arrangement establishing the Dawes plan, but since Germany was virtually in receivership and the payments provided for in the plan were designed to represent Germany's capacity to pay, the United States could not expect to receive the payment of any sum not included in the plan. In order to provide for the distribution of the Dawes annuities, representatives of all the creditor countries met and signed an agreement at Paris dated January 14, 1925. Under the terms of this agreement the United States was to receive on account of its claim for the expenses of its army of occupation the sum of 55,000,000 marks (about $13,000,000) per annum, beginning September 1, 1926, until the army costs should be fully liquidated. These payments were to constitute a first charge on cash made available for transfer out of the Dawes annuities after providing for the service of the German external loan of 1924 and expenses of certain commissions. The agreement also provided that the United States should receive on account of the awards of the Mixed Claims Commission 2¼ per cent of all receipts from Germany available for distribution as reparations, not to exceed, however, in any one year the sum of 45,000,000 marks (about $10,700,000). The Government of Germany was not a party to this agreement between the creditor powers, including the United States. The United States has received in full up to September 1, 1929, the amounts provided for it in the Paris agreement and set out in the statements of account below.

When the Dawes plan was adopted it was understood that it did not represent a permanent arrangement but only a plan of settlement intended to operate for a sufficient time to restore confidence and eventually lead to a final and comprehensive agreement. Late in 1928 it seemed that conditions in Germany were such as to make it desirable to arrange for a definite settlement of the reparation question. On September 16, 1928, Germany, Belgium, France, Great Britain, Italy, and Japan agreed that a committee of financial experts to be appointed should be intrusted with the task of drawing up proposals for a complete and final settlement of the reparation problem. This committee held its first meeting in Paris on February 11, 1929, and elected Mr. Owen D. Young, an American citizen, chairman. After arduous and protracted deliberations the committee on June 7, 1929, finally reached agreement on its report, which is generally known as the Young plan. The plan provides among other things that Germany shall pay an average annuity, exclusive of the annual sum required to meet the service of the German external loan of 1924, of 1,988,800,000 marks (about $473,000,000) over a period of 37 years, and varying annuities for 22 additional years. The committee recommended a division of these annuities among the several creditor governments in accordance with which the share allocated to the United States on account of its combined claims for Army costs and mixed claims was an average annuity of 66,100,000 marks (about $15,700,000) for 37 years and a flat annuity of 40,800,000 marks (about $9,700,000) for 15 years thereafter.

The Young plan, when adopted, will supersede the Dawes plan and the agreement of January 14, 1925. All the machinery through which payments have been collected from Germany and distributed to the creditor governments will be abolished. If, therefore, the United States was to receive any further payments in liquidation of Germany's treaty obligations, it was necessary either to join in the general European settlement by adopting the Young plan with its many complicated arrangements having no application to the United States, or to negotiate a simpler separate agreement with Germany alone. There seemed to be no justification at this late date for involving the United States in the responsibilities for collecting, mobilizing, and distributing reparation payments which the adoption of the Young plan and participation in the organization and management of the Bank for International Settlements would necessitate. With the approval of the President, the State and Treasury Departments therefore negotiated with the German Government a form of agreement under the terms of which it is proposed that the United States will receive from Germany on account of the costs of the United States army of occupation an average annuity of 25,300,000 marks (about $6,026,000) for a period of 37 years, and on account of the awards of the Mixed Claims Commission a flat annuity of 40,800,000 marks (about $9,700,000) for a period of 52 years. Under the Young plan the Governments of France and Great Britain forego the collection of about 10 per cent of their total army costs. At a critical stage of the deliberations of the Young committee the President, after a conference concerning the entire situation with leaders of both Houses of Congress, none of whom raised any objection, stated for the information of the Young committee that he was prepared to recommend to the Congress that it authorize the acceptance of the annuities allocated to the United States which involve a similar reduction of 10 per cent of our army costs.

A statement of the army cost account as of September 1, 1929, follows:

Army costs

Total army cost charges (gross), including expenses of Interallied Rhineland High Commission (American department)		$292,663,435.79
Credits to Germany:		
Armistice funds (cash requisitions on German Government)	$37,509,605.97	
Provost fines	159,033.64	
Abandoned enemy war material	5,240,759.29	
Armistice trucks	1,532,088.34	
Spare parts for armistice trucks	355,546.73	
Coal acquired by army of occupation	756.33	
		44,797,790.30
		247,865,645.49
Payments received:		
Under the army cost agreement of May 25, 1923, which was superseded by agreement of Jan. 14, 1925	14,725,154.40	
Under Paris agreement of Jan. 14, 1925	39,203,725.89	
		53,928,880.29
Balance due as of Sept. 1, 1929		193,936,765.20

After allowing for the 10 per cent reduction, amounting to $29,266,343.58, the sum due on account of army costs will be $164,670,421.62. The United States will receive on account of this debt about $249,000,000 in varying annuities over a period of 37 years. The difference of about $85,000,000 is intended to compensate the United States for the deferment of its payments over a 37-year period rather than the 15-year period provided for under the Paris agreement, and represents interest at a rate of about 3⅝ per cent per annum on such deferred payments.

A statement of the estimated amount still due from Germany as of September 1, 1929, on account of the awards of the Mixed Claims Commission follows:

Mixed claims

Principal of awards certified to Treasury for payment	$113,295,478.68	
Interest up to Aug. 31, 1929	59,407,605.03	$172,703,083.71
Estimated principal amount of awards yet to be entered and certified	32,000,000.00	
Estimated interest up to Aug. 31, 1929	21,000,000.00	53,000,000.00
Awards to United States Government	42,034,794.41	
Interest up to Aug. 31, 1929	22,900,000.00	64,934,794.41
		290,637,878.12
Received from Germany up to Aug. 31, 1929	31,831,472.03	
Earnings and profits on investments	2,149,692.70	33,981,164.73
Estimated balance due as of Sept. 1, 1929		256,656,713.39

Under the Paris agreement the United States received during the standard Dawes year the sum of about $10,700,000 (45,000,000 marks) on account of mixed claims awards. The sum provided in the proposed agreement with Germany is an annual payment over 52 years of about $9,700,000 (40,800,000 marks). It is estimated that this latter annuity will pay in full all of the awards of the Mixed Claims Commission, United States and Germany, in favor of the United States and its nationals, with interest. On the basis of the annuity granted to the United States on this account under the Paris agreement, it was estimated that the awards to private claimants would have been paid in approximately 30 years and the awards to the Government in about 14 additional years. Under the proposed agreement it is estimated that the private claimants will be paid in full in about 35 years and that the Government will receive its payments in about 17 additional years, with simple interest at 5 per cent. In other words, under the proposed agreement it will require approximately five additional years to pay off the private claimants and about three additional years to pay the Government's claims, all deferred payments, however, continuing to bear interest at the rate of 5 per cent per annum.

The proposed agreement follows in general those made with our other foreign debtors except that the obligations to be issued thereunder are payable in marks rather than dollars and are unassignable. The German Government, however, undertakes to maintain the mint parity of the mark.

As part of this report there is appended a copy of the statement made on March 10, 1930, by the Undersecretary of the Treasury before the committee. The President's message of March 4, 1930, inclosing a copy of the report dated March 3, 1930, from the Secretary of the Treasury, and a copy of the proposed agreement to be executed between the German Government and the United States, will be found in Senate Document No. 95 (71st Cong., 2d sess.), copy of which is also attached.

APPENDIX

STATEMENT OF UNDERSECRETARY OF THE TREASURY MILLS BEFORE THE WAYS AND MEANS COMMITTEE RELATING TO H. R. 10480, A BILL TO AUTHORIZE THE SETTLEMENT OF THE INDEBTEDNESS OF THE GERMAN REICH TO THE UNITED STATES ON ACCOUNT OF THE AWARDS OF THE MIXED CLAIMS COMMISSION, UNITED STATES AND GERMANY, AND THE COSTS OF THE UNITED STATES ARMY OF OCCUPATION

The bill now before you for consideration authorizes the Secretary of the Treasury, with the approval of the President, to enter into an agreement with Germany, as set out in general terms in the bill, providing for the complete and final discharge of the obligations of Germany to the United States in respect of the awards of the Mixed Claims Commission, United States and Germany, and the costs of the United States army of occupation.

Under the terms of the armistice convention signed November 11, 1918, and of the treaty restoring friendly relations signed at Berlin, August 25, 1921, which incorporated by reference certain provisions of the Versailles treaty, Germany is obligated to pay to the United States the costs of the United States army of occupation and to satisfy claims of the American Government or its nationals who have suffered loss, damage, or injury to their persons or property, directly or indirectly, since July 31, 1914, through the acts of the Imperial German Government or its agents.

ARMY COSTS

The total costs of the United States army of occupation amount to $292,663,435.79. Except for cash requisitions on the German Government for the use of the army of occupation aggregating $37,509,605.97 and certain other items, such as provost fines, abandoned enemy war material, etc., amounting to $7,288,184.33. the United States Government received no payments on account of army costs up to May 25, 1923. On that date the United States and the principal allied powers signed the so-called Wadsworth agreement which provided that our Army costs should be divided into 12 annual installments, and should be, during the first 4 of the 12 years, a first charge on cash payments received from Germany after the expenses of the Reparation Commission and the current expenses of the allied armies of occupation, but during the last 8 years should be an absolute prior charge on all cash payments, except for the cost of the Reparation Commission. Ratifications of the Wadsworth agreement were never exchanged, but we received a payment under it of $14,725,154.40 in January, 1925. The agreement was superseded by the so-called Paris agreement of January 14, 1925, which also covered awards of the Mixed Claims Commission. This latter agreement was concluded at a meeting of representatives of the creditor powers, including the United States, called for the purpose of making distribution of the annuities provided for under the terms of the Dawes plan, which had been adopted in 1924. Under the provisions of the Paris agreement the United States was to receive on account of its army costs, beginning September 1, 1926, the sum of 55,000,000 gold marks, or about $13,100,000 per annum, which payments were to constitute a first charge on cash made available for transfer by the transfer committee out of the Dawes annuities after the provision of the sums necessary for the service of the 800,000,000 gold mark German external loan of 1924 and for the costs of the reparation and other commissions. Under the provisions of the Wadsworth agreement our army costs should have been liquidated by the end of 1935. Under the Paris agreement the payments would extend over a period of about 18 years, beginning September 1, 1926.

Up to the 1st of September, 1929, the United States had received on army cost account $39,203,725.89 under the Paris agreement.

As of September 1, 1929, there was still due on account of army costs $193,936,765.20.

MIXED CLAIMS

By virtue of an agreement entered into on August 10, 1922, by the United States and Germany, there was set up a Mixed Claims Commission charged with the duty of passing upon the claims of American citizens arising since July 31, 1914, in respect of damage to or seizure of their property, rights, and interests, and upon any other claims for loss or damage to which the United States or its nationals have been subject with respect to injuries to persons or to property, rights, and interests since July 31, 1914, as a consequence of the war, and including debts owing to American citizens by the German Government or by German nationals.

The first meeting of the commission was held on October 9, 1922. Up to August 31, 1929, awards had been certified to the Treasury for payment which with interest to August 31, 1929, aggregated $172,703,083.71. It is estimated as of August 31, 1929, that the principal amount of awards yet to be entered and certified, together with interest to that date, amount to $53,000,000, and in addition awards to the United States Government with interest to August 31, 1929, amount to $64,934,794.41. In other words, as of August 31, 1929, it is estimated that the total awards of the Mixed Claims Commission made and to be made aggregated with interest $290,637,878.12.

No provision for the payment of awards of the Mixed Claims Commission was made until the Paris agreement of January 14, 1925. The Paris agreement provided that the United States should receive 2¼ per cent of all receipts from Germany on account of the Dawes annuities available for distribution as reparations, provided that the annuity resulting from this percentage should not in any year exceed the sum of 45,000,000 gold marks. Up to September 1, 1929, the United States had received from Germany under the Paris agreement for account of mixed claims, $31,831,472.03, which with earnings and profits on investments amounting to $2,149,692.70, made available for distribution $33,981,164.73, and left $256,656,713.39 still to be provided for. It must be understood in this connection that the figures relating to the total amount finally awarded by the Mixed Claims Commission is necessarily only an estimate, since all of the awards have not as yet been made.

In the meanwhile, the Congress in March, 1928, enacted what is known as the settlement of war claims act of 1928. You gentlemen are too familiar with that act to make it necessary for me to describe it in detail. Suffice it to say that it made provision for the order of priority in which mixed claims should be paid, for the retention of part of the German property held by the Alien Property Custodian and part of the funds to be received on account of awards made by the arbiter to German nationals until a certain percentage of the American claims had been paid, and then for the ultimate return of the German property and funds to their owners. The act also covered the rate of interest to accrue on claims until their final liquidation. Any estimate of the total amount due from Germany on account of mixed claims must depend, therefore, not only on the awards of the Mixed Claims Commission but on the terms of the settlement of war claims act.

It will be observed that the amounts received up to the present time, both on account of army costs and mixed claims, have been paid, not by virtue of any agreement with Germany looking to the liquidation of its treaty obligations, but by virtue of an agreement with the creditor powers, under the terms of which they undertook to assign to the satisfaction of our claims a portion of the payments received through the agent general for reparation payments. This is an anomalous situation. In view of the fact that the other creditor powers have now reached an agreement with Germany for the final liquidation of their

claims, the time has come for the United States to do likewise. Two courses were open to us. We could either join with the other creditors in a general settlement, or rely on a separate agreement with Germany for the satisfaction of our claims. The course of events which led to the necessity for such a decision on our part was as follows:

THE YOUNG PLAN

In 1928 the principal creditor powers agreed to set up a committee of independent financial experts to be entrusted with the task of drawing up proposals for the complete and final settlement of the reparation problem. The so-called Young plan is the report which this committee rendered under date of June 7, 1929. As a result of the Young committee's reappraisal of Germany's capacity to pay, it recommended annuities smaller than the standard annuity of 2,500,000,000 gold marks ($595,000,000) in force under the Dawes plan. Beginning with 742,000,000 reichsmarks ($176,000,000) in the 7 months ending March 31, 1930, which are considered as the first Young plan year, the annuity is 1,707,900,000 reichsmarks ($406,000,000) in the year ending March 31, 1931, and increases gradually to the maximum of 2,428,800,000 reichsmarks ($578,000,000) in the year ending March 31, 1966, or an average of 1,988,800,000 reichsmarks ($473,000,000) for 37 years, and continues at about 1,600,000,000 reichsmarks ($381,000,000) to 1,700,000,000 reichsmarks ($405,000,000) for an additional 22 years.

It is obvious that the reduction in the annuities to be paid by Germany necessitated a scaling down of the amounts allocated to each of the creditor powers under the Dawes plan and the Paris agreement. The Young plan undertakes not only to fix the annuities to be paid by Germany but to allocate those annuities among the several creditor powers. The United States was allocated annuities averaging 66,100,000 reichsmarks ($15,700,000) for the first 37 years and a fixed annuity of 40,800,000 reichsmarks ($9,700,000) for 15 years thereafter.

The Young plan, with some modifications, which do not affect our position, was formally adopted by representatives of all the interested powers, with the exception of the United States, at The Hague in January, 1930, and the settlement there reached is now awaiting ratification by the governments and the enactment of certain necessary legislation by the German Parliament.

Two questions present themselves for decision: First, are the annuities provided for the United States acceptable to us; and, in the second place, should we become parties to the Young plan agreement and receive payments through the machinery provided therein, or should we rely on a direct agreement with Germany for the satisfaction of our claims?

While it is true that under the so-called Dawes plan and the Paris agreement we were to receive on both accounts an annuity of 100,000,000 gold marks ($23,800,000) as contrasted with an average annuity of 66,100,000 reichsmarks ($15,700,000) suggested under the Young plan, it should be pointed out that the so-called Dawes plan was a temporary measure and that no period was fixed during which the aforesaid annuities were to be paid. In other words, there was no assurance that we would continue to receive 100,000,000 gold marks a year until the claims on account of army costs and mixed claims had been completely discharged. Perhaps a better method of approach to the problem is to ascertain whether the proposed annuity involves any essential sacrifice in the satisfaction of our outstanding claims against Germany. In so far as mixed claims are concerned, if, as is provided in the bill now before you, 40,800,000 reichsmarks per annum are assigned to their payment, it is estimated that that amount will be adequate to discharge the mixed claims obligation in full over the period of years provided for, with interest at 5 per cent on unpaid amounts including the United States Government's claim. Whatever sacrifice is involved as compared with the Dawes annuity is in the time element. In other words, it is estimated that it will require 52 years to pay all claims, about 35 years to pay all of the private claims awarded to American citizens, including the return of the unallocated interest fund belonging to the German claimants, and about 17 years additional to liquidate the claims allowed the Government of the United States. On the basis of the 45,000,000 gold marks received under the Paris agreement, it was estimated that it would have required 30 years to pay off private claims and 14 years additional to pay off the Government claims.

If an average annuity of 25,300,000 reichsmarks ($6,000,000) for 37 years be allocated to army costs, as the proposed agreement provides, it will liquidate that claim in 37 years, after reducing the amount originally due on this account by 10 per cent, a sacrifice similar to that being made by France and Great Britain under the Young plan. The 55,000,000 marks received under the Paris agreement would have discharged our army cost claim in about 15 years from September 1, 1929, whereas the annuities proposed under the Young plan will liquidate the balance due after deducting the 10 per cent in 37 years and allow interest on all deferred payments at a rate of about 3⅝ per cent. It can fairly be said, therefore, that except for the time element, which is not of vital importance in view of the fact that interest is to be paid, no sacrifice is demanded of us other than a 10 per cent reduction in our original claim for army costs, that is as compared with the situation existing under the Paris agreement, which carried with it no assurance as to continuing payments.

The Treasury Department is of the opinion that the annuities proposed are acceptable. In urging their acceptance, I think I should point out to you that as a practical matter our refusal to accept them would almost inevitably involve a readjustment of the shares to be received by all other creditors, since the report of the Young committee, which has now been formally accepted, definitely fixed the limits of the total amounts to be paid by Germany and any claim on our part to increase our share must occasion a readjustment of the shares to be received by others.

This brings me to the second question of whether, as a matter of policy, we should have joined the other creditor powers by becoming parties to the Young plan and availing ourselves of its provisions and machinery for the satisfaction of our claims. The executive branch of the Government believed that it was wiser and more consistent with our established policy for us to refrain from such a course and to look to Germany directly for the payment of the amounts due us.

The United States has not participated in the determination of the total reparations payable by Germany under the treaty of Versailles or in the collection or distribution of reparation payments heretofore received. There appears to be no justification at this late date for involving our country in the responsibilities for collecting, mobilizing, and distributing reparation payments which the adoption of the Young plan and participation in the organization and management of the agency created under that plan would necessitate. Very obviously we could not properly avail ourselves of the machinery provided for by the Young plan and at the same time refuse to accept any of the responsibilities. The course which we advocate is logical, consistent, and sound, even apart from the question of linking reparation and debt payments, which, as we have consistently maintained, have no relation in origin, principle, or in fact.

Moreover, without even suggesting the probability of such an event taking place, suppose at some future date Germany finds itself unable to continue the conditional payments. If at that time we are officially represented on the board of the Bank for International Settlements, or upon the so-called advisory committee to be appointed by the governors of central banks of issue of the principal countries concerned, we, because of our comparatively small interest in the general settlement, might find ourselves in the position of an arbiter called upon to settle and decide a controversial and difficult European question.

It may be urged that our failure to become parties to the Young plan involves an element of sacrifice on our part, since we thereby forego the claim for a share in the so-called unconditional annuities which we could very justly have advanced in view of the priority enjoyed by army-cost payments under the terms of the Paris agreement. But aside from the fact that the Young plan did not allocate to the United States any share of the unconditional annuities and that, judging by events, they could not have been obtained without the most serious kind of controversy, it seems to me that the terms of the agreement which we have submitted to you for approval amply protect the interests of the United States and of its nationals. Under its terms Germany makes an unqualified and unconditional promise to pay. The only proviso which in any way limits that obligation is the one which is found in all of our debt settlement agreements and which permits the debtor to postpone payments for a limited period of time with interest on the postponed payments.

The Treasury Department, therefore, recommends the passage of the bill under consideration granting to the Secretary of the Treasury, with the approval of the President, the authority to enter into the agreement the terms of which are set forth in Senate Document No. 95, Seventy-first Congress, second session.

In brief, the agreement provides that Germany agrees to pay 40,800,000 reichsmarks per annum for the period September 1, 1929, to March 31, 1930, and the sum of 40,800,000 reichsmarks per annum from April 1, 1930, to March 31, 1981, in satisfaction of mixed claims, and beginning September 1, 1929, an average annuity of 25,300,000 reichsmarks for 37 years in full liquidation of our army costs. As evidence of this indebtedness Germany is to issue to the United States, at par, bonds maturing semiannually. Germany, at its option, upon not less than 90 days' advance notice, may postpone any payment on account of principal falling due to any subsequent September 30 and March 31 not more than two and one-half years distant from its due date, but only on condition that if this option is exercised the two payments falling due in the next succeeding 12 months can not be postponed more than two years, and the two payments falling due in the second succeeding 12 months can not be postponed more than one year unless the payments previously postponed have actually been made. All postponed payments on account of mixed claims are to bear interest, at 5 per cent, the rate provided in the settlement of war claims act, and all payments postponed on account of army costs are to bear interest at the rate of 3⅝ per cent. While the annuities are stated in terms of reichsmarks, payments are to be made in dollars, either at the Treasury or at the Federal Reserve Bank of New York. The exchange value of the mark in relation to the dollar shall be calculated at the average of the middle rates prevailing on the Berlin bourse during the half-monthly period preceding the date of payment. The German Government undertakes that the reichsmark shall have and shall retain its convertibility into gold or devisen as contemplated in the present Reichsbank law and that the

reichsmark shall retain the mint parity defined in the German coinage law of August 30, 1924. This provision corresponds to the provision in the Young plan settlement accepted by all of the other creditor powers. It was not felt that the United States was justified in demanding preferential treatment in this respect.

The Secretary of the Treasury will not, of course, execute any such agreement until the Young plan has formally come into effect, thus giving assurance that the whole reparations question is, in all human probability, finally liquidated. What the proposed agreement does in so far as the United States is concerned is to provide for a final liquidation of her claims against Germany. I feel confident that it will commend itself to your judgment.

[S. Doc. No. 95, 71st Cong., 2d sess.]

To the Congress of the United States:

I am submitting herewith, for your consideration, a copy of the report of the Secretary of the Treasury regarding the proposed agreement and exchange of notes with Germany for the complete and final discharge of the obligations of that Government to the United States with respect to the awards made by the Mixed Claims Commission, United States and Germany, and for the costs of this Government's army of occupation.

The plan of settlement has my approval, and I recommend that the Congress enact the necessary legislation authorizing it.

HERBERT HOOVER.

THE WHITE HOUSE, *March 4, 1930.*

TREASURY DEPARTMENT,
Washington, March 3, 1930.

MY DEAR MR. PRESIDENT: I have the honor to submit the following report regarding the terms of the proposed agreement for the complete and final discharge of the obligations of Germany to the United States in respect of the costs of the United States army of occupation and the awards of the Mixed Claims Commission, United States and Germany.

Under the terms of the armistice convention signed November 11, 1918, and of the treaty signed at Berlin August 25, 1921, Germany is obligated to pay to the United States the costs of the United States army of occupation and the awards made in favor of the United States Government and its nationals by the Mixed Claims Commission, United States and Germany, established in pursuance of the agreement of August 10, 1922. The United States has had no direct arrangement with Germany for the liquidation of these obligations.

Under the terms of the treaty of Versailles Germany undertakes to make compensation for all damage done to the civilian population of the allied and associated powers and to their property during the war. The treaty provides for the establishment of a reparation commission as the agency of the allied and associated governments for determining the amount to be paid by Germany on this account, collecting the payment thereof, and distributing it among the creditor powers. The United States has not been represented upon nor participated in the reparation commission. In this connection reference is made to the reservation by the Senate in its resolution advising and consenting to the ratification of the treaty restoring friendly relations, signed by the United States and Germany at Berlin August 25, 1921.

The reparations commission fixed the liability of Germany at 132,000,000,000 gold marks. By 1924 it became apparent that Germany was unable to meet the required payments, and accordingly in that year the powers entitled to reparations, but not including the United States, on August 30, 1924, signed at London an agreement under the terms of which the so-called Dawes plan was finally adopted. This limited the treaty payments to be made to the allied and associated powers by Germany to certain fixed annuities, increasing gradually to 2,500,000,000 gold marks for the year ended August 31, 1929, the first so-called standard year, which annuity was to be continued for an indeterminate period and was to be supplemented under certain conditions by additional payments based on a so-called index of prosperity.

On January 14, 1925, representatives of the powers signatory to the London agreement, together with representatives of the United States, signed what is known as the Paris agreement, which allocated the Dawes annuities among the creditor governments concerned. This agreement allocated to the United States an annuity of 55,000,000 gold marks beginning September 1, 1926, on account of army costs and an annuity equivalent to 2¼ per cent of all receipts from Germany available for reparation payments, not to exceed 45,000,000 gold marks in any one year, for account of the awards of the Mixed Claims Commission. Up to August 31, 1929, the United States received each year the amounts stipulated under this agreement.

It was not within the competence of the Dawes committee to fix the number of annuities Germany should pay and thus permit a final and definite settlement of German reparations. The Dawes committee merely attempted, therefore, a settlement temporary in character designed to restore economic stability and confidence and which would, at the appropriate time, facilitate a final agreement.

In 1928 the principal interested Governments (Germany, Belgium, France, Great Britain, Italy, and Japan) agreed to set up a committee of independent financial experts to be intrusted with the task of drawing up proposals for the complete and final settlement of the reparation problem. Germany and the reparation commission appointed a committee including two American citizens, of whom one, Mr. Owen D. Young, was subsequently elected chairman of the committee. The so-called Young plan is the report which this committee rendered under date of June 7, 1929.

As a result of the Young committee's reappraisal of Germany's capacity to pay, it recommended annuities smaller than the standard annuity of 2,500,000,000 gold marks in force under the Dawes plan. Beginning with 742,800,000 reichsmarks in the seven months ending March 31, 1930, which are considered as the first Young-plan year, the annuity is 1,707,900,000 reichsmarks in the year ending March 31, 1931, and increases gradually to the maximum of 2,428,800,000 reichsmarks in the year ending March 31, 1966, or an average of 1,988,800,000 reichsmarks ($473,732,160) for the 37 years and continues at about 1,600,000,000 to 1,700,000,000 reichsmarks for an additional 22 years. These annuities were calculated as inclusive of payments to the United States, and in an annex to the plan dealing with the allocation of the annuities the United States was allocated annuities averaging 66,100,000 reichsmarks for the first 37 years and a fixed annuity of 40,800,000 reichsmarks for 15 years thereafter. While the annex does not fix the amounts to be allocated, respectively, to mixed claims and army costs, the Secretary of State and I recommend that a fixed annuity of 40,800,000 reichsmarks for 52 years be allocated to the payment of awards of the Mixed Claims Commission and that an average annuity of 25,300,000 reichsmarks for the first 37 years be allocated to the satisfaction of army costs. After taking into consideration the payments which have been received on account of army costs and a 10 per cent reduction in the total amount originally due on this account, the average annuity above recommended for allocation to army costs will be sufficient to pay the balance remaining, with interest at about 3⅝ per cent per annum on that portion of the payments postponed beyond the period when payment would have been received under the Dawes plan. In order to bring Germany's payments within the limit of that country's capacity to pay, as determined by the committee of experts, it was necessary for the creditors to compromise their claims. On this basis the Young plan contemplated a reduction of 10 per cent in the army cost accounts of Great Britain, France, and the United States.

As a substitute for all of the agencies heretofore set up for the collection and distribution of reparation payments, the Young plan proposed the creation of the Bank for International Settlements. This bank is to receive, distribute, and assist in the mobilization of German reparation payments.

The Young plan with some modifications was formerly adopted by representatives of all the interested powers at The Hague in January, 1930, and the settlement there reached is now awaiting ratification by the governments and the enactment of certain necessary legislation by the German Parliament.

The United States has at all times maintained a detached position with respect to the European reparation question and the claims of the United States against Germany, except definite accounts, like army costs, have been determined independently by an international judicial commission on which Germany was equally represented. The United States has not participated in the determination either of the total reparations payable by Germany under the treaty of Versailles (total of 132,000,000,000 marks as notified to Germany in May, 1921) or of the percentages of distribution fixed by the principal creditor powers in 1920 (the so-called Spa percentages).

Both the Secretary of State and I have felt that the position steadfastly adhered to by our Government was a sound one and that there was no justification at this late date for involving our country in the responsibilities of collecting and distributing reparation payments, which adoption of the Young plan would necessitate. Very obviously we could not avail ourselves of the machinery provided for by the Young plan and at the same time refuse to accept any of the responsibilities.

We have, however, a very direct interest in the recommendations made by the experts' committee. That committee undertook not only to fix the annuities to be paid by Germany in full discharge of its obligations but to allocate the amounts to be paid to the several creditor nations. As already stated, the amount allocated to the United States is an average annuity of 66,100,000 reichsmarks for 37 years and a fixed annuity of 40,800,000 reichsmarks for 15 years thereafter. The United States is, of course, under no legal obligation to accept these sums as representing the total amount which it is to receive from Germany on account of army costs and mixed claims, but as a practical matter, since the report of the experts' committee was a proposal definitely fixing the limits of the total amounts to be paid by Germany, any claim on our part to increase our share would necessarily involve a readjustment of the shares to be received by all other nations. Since, in view of all the circumstances, the concessions asked of us do not seem to be disproportionate to the concessions made by other creditors, and in view of the relatively small amount of our claim as compared with the total amounts, there is in my opinion no justification for the refusal on our part to accept the annuities recommended by the experts' committee.

Apart from a minor arrangement providing for the realization by the United States of its 2¼ per cent share in German payments under the Dawes plan, the United States has never had an agreement with Germany for liquidating the army costs and the awards of the Mixed Claims Commission. As an approximate estimate of these awards can now be made and the settlement of war claims act of 1928 has determined the method of paying them, an agreement regulating and funding the German obligations is not only possible and desirable but necessary in view of our decision not to avail ourselves of the machinery provided by the Young plan for the collection of the payments to be made by Germany to the United States. Such an agreement has been negotiated, subject to the granting by the Congress of authority for its execution. It conforms closely to precedents established in our other debt agreements with foreign governments and is transmitted herewith for submission to the Congress if it meets with your approval.

The details of the proposed agreement attached hereto require no special comment. It differs from this Government's previous debt agreements primarily in that the obligation is expressed in reichmarks rather than in dollars and the bonds evidencing the obligation are not in negotiable form.

With the exception of the already-mentioned 10 per cent reduction on the army-costs account, the proposed agreement involves no reduction in the principal amount to be paid by Germany. It does involve an extension of Germany's payments over a longer period than would have been required had the Dawes-plan arrangements continued to function without interruption. Fifty-five million marks a year would have paid the army costs in about 15 years. The proposed agreement extends the payment over 37 years with 3⅝ per cent interest on postponed payments. Forty-five million marks per annum would have paid the mixed-claims awards in about 44 years. It is estimated that 40,800,000 marks per annum will pay them in about 52 years with interest which generally is at the rate of 5 per cent.

The security for the payments is the full faith and credit of Germany.

On every occasion the United States has expressly reserved its rights under existing treaties and agreements, thus preserving intact the rights of the Congress to dispose of this matter. The time has now come to reach an agreement providing for the final payment and discharge of these outstanding claims.

With this in view, it is suggested that legislation be sought from the Congress authorizing the Secretary of the Treasury, with the approval of the President, to enter into an agreement with Germany in general terms as set forth in the attached form of agreement and exchange of notes.

The execution of the agreement and the exchange of notes, if authorized, will, of course, be conditional on the coming into operation of the Young plan as accepted by The Hague Conference in substitution for the Dawes plan which is still legally in force. The proposed agreement will be retroactive to September 1, 1929, and Germany will be credited for its payments since then as set forth in the draft of notes to be exchanged simultaneously with the execution of the agreement.

Faithfully yours,

A. W. MELLON,
Secretary of the Treasury.

The PRESIDENT,
The White House.

AGREEMENT

Made the ——— day of ———, 19—, at the City of Washington, District of Columbia, between the Government of the German Reich, hereinafter called Germany, party of the first part, and the Government of the United States of America, hereinafter called the United States, party of the second part

Whereas Germany is obligated under the provisions of the Armistice Convention signed November 11, 1918, and of the treaty signed at Berlin, August 25, 1921, to pay to the United States the awards, and interest thereon, entered and to be entered in favor of the United States Government and its nationals by the Mixed Claims Commission, United States and Germany, established in pursuance of the agreement of August 10, 1922; and

Whereas the United States is also entitled to be reimbursed for the costs of its army of occupatiton; and

Whereas Germany having made and the United States having received payments in part satisfaction on account of these two obligations desire to make arrangements for the complete and final discharge of said obligations:

Now, therefore, in consideration of the premises and the mutual covenants herein contained it is agreed as follows:

1. Amounts to be paid: (a) Germany shall pay and the United States shall accept in full satisfaction of all of Germany's obligations remaining on account of awards, including interest thereon, entered and to be entered by the Mixed Claims Commission, United States and Germany, the sum of 40,800,000 reichsmarks for the period of September 1, 1929, to March 31, 1930, and the sum of 40,800,000 reichsmarks per annum from April 1, 1930, to March 31, 1981. As evidence of this indebtedness Germany shall issue to the United States at par, as of September 1, 1929, bonds of Germany, the first of which shall be in the principal amount of 40,800,000 reichsmarks, dated September 1, 1929, and maturing March 31, 1930, and each of the others of which shall be in the principal amount of 20,400,000 reichsmarks, dated September 1, 1929, and maturing serially on September 30, 1930, and on each succeeding March 31 and September 30 up to and including March 31, 1981. The obligations of Germany hereinabove set forth in this paragraph shall cease as soon as all of the payments contemplated by the settlement of war claims act of 1928 have been completed and the bonds not then matured evidencing such obligations shall be canceled and returned to Germany.

(b) Germany shall pay and the United States shall accept in full reimbursement of the amounts remaining due on account of the costs of the United States army of occupation the amounts set forth on the several dates fixed in the following schedule:

	Reichsmarks
March 31:	
1930	25,100,000
1931	12,750,000
1932	12,650,000
1933	12,650,000
1934	9,300,000
1935	9,300,000
1936	9,300,000
1937	9,300,000
1938	8,200,000
1939	8,200,000
1940	9,300,000
1941	9,300,000
1942	12,650,000
1943	12,650,000
1944	12,650,000
1945	12,650,000
1946	12,650,000
1947	12,650,000
1948	12,650,000
1949	12,650,000
1950	17,650,000
1951	17,650,000
1952	17,650,000
1953	17,650,000
1954	17,650,000
1955	17,650,000
1956	17,650,000
1957	17,650,000
1958	17,650,000
1959	17,650,000
1960	17,650,000
1961	17,650,000
1962	17,650,000
1963	17,650,000
1964	17,650,000
1965	17,650,000
1966	17,650,000
September 30:	
1930	12,750,000
1931	12,650,000
1932	12,650,000
1933	9,300,000
1934	9,300,000
1935	9,300,000
1936	9,300,000
1937	8,200,000
1938	8,200,000
1939	9,300,000
1940	9,300,000
1941	12,650,000
1942	12,650,000
1943	12,650,000
1944	12,650,000
1945	12,650,000
1946	12,650,000
1947	12,650,000
1948	12,650,000
1949	17,650,000
1950	17,650,000
1951	17,650,000
1952	17,650,000
1953	17,650,000
1954	17,650,000
1955	17,650,000
1956	17,650,000
1957	17,650,000
1958	17,650,000
1959	17,650,000
1960	17,650,000
1961	17,650,000
1962	17,650,000
1963	17,650,000
1964	17,650,000
1965	17,650,000

As evidence of this indebtedness, Germany shall issue to the United States, at par, as of September 1, 1929, bonds of Germany, dated September 1, 1929, and maturing on March 31, 1930, and on each succeeding September 30 and March 31 in the amounts and on the several dates fixed in the preceding schedule.

2. Form of bonds: All bonds issued hereunder to the United States shall be payable to the Government of the United States of America and shall be signed for Germany by the Reichsschuldenverwaltung. The bonds issued for the amounts to be paid under paragraph No. 1 (a) of this agreement shall be issued in 103 pieces, with maturities and in denominations corresponding to the payments therein set forth, and shall be substantially in the form set forth in "Exhibit A"

hereto annexed, and shall bear no interest, unless payment thereof is postponed pursuant to paragraph No. 5 of this agreement. The bonds issued for the amounts to be paid under paragraph No. 1 (b) of this agreement shall be issued in 73 pieces, with maturities and in denominations corresponding to the payments therein set forth, and shall be substantially in the form set forth in "Exhibit B" hereto annexed, and shall bear no interest, unless payment thereof is postponed pursuant to paragraph No. 5 of this agreement.

3. Method of payment: All bonds issued hereunder shall be payable, both principal and interest, if any, at the Federal Reserve Bank of New York for credit in the general account of the Treasury of the United States in funds immediately available on the date when payment is due in United States gold coin in an amount in dollars equivalent to the amount due in reichsmarks, at the average of the middle rates prevailing on the Berlin Bourse, during the half-monthly period preceding the date of payment. Germany undertakes to have the Reichsbank certify to the Federal Reserve Bank of New York on the date of payment the rate of exchange at which the transfer shall be made. Germany undertakes, for the purposes of this agreement, that the reichsmark shall have and shall retain its convertibility into gold or devisen as contemplated in section 31 of the present Reichsbank law, and that for these purposes the reichsmark shall have and shall retain a mint parity of 1/2790 kilogram of fine gold as defined in the German coinage law of August 30, 1924.

4. Security: The United States hereby agrees to accept the full faith and credit of Germany as the only security and guaranty for the fulfillment of Germany's obligations hereunder.

5. Postponement of payment: Germany, at its option, upon not less than 90 days' advance notice in writing to the United States, may postpone any payment on account of principal falling due as hereinabove provided, to any subsequent September 30 and March 31 not more than two and one-half years distant from its due-date, but only on condition that in case Germany shall at any time exercise this option as to any payment of principal, the two payments falling due in the next succeeding 12 months can not be postponed to any date more than 2 years distant from the date when the first payment therein becomes due unless and until the payments previously postponed shall actually have been made, and the two payments falling due in the second succeeding 12 months can not be postponed to any date more than 1 year distant from the date when the first payment therein becomes due unless and until the payments previously postponed shall actually have been made, and further payments can not be postponed at all unless and until all payments of principal previously postponed shall actually have been made. All payments provided for under paragraph No. 1 (a) of this agreement so postponed shall bear interest at the rate of 5 per cent per annum, payable semiannually, and all payments provided for under paragraph No. 1 (b) of this agreement so postponed shall bear interest at the rate of 3⅝ per cent per annum, payable semiannually.

6. Payments before maturity: Upon not less than 90 days' advance notice in writing to the United States and the approval of the Secretary of the Treasury of the United States, Germany may, on March 31 or September 30 of any year, make advance payments on account of any bonds issued under this agreement and held by the United States. Any such advance payments shall be applied to the principal of such bonds as may be indicated by Germany at the time of the payment.

7. Exemption from taxation: The principal and interest, if any, of all bonds issued hereunder shall be paid without deduction for, and shall be exempt from, any and all taxes or other public dues, present or future, imposed by or under authority of Germany or any political or local taxing authority within Germany.

8. Notices: Any notice from or by Germany shall be sufficient if delivered to the American Embassy at Berlin or to the Secretary of the Treasury at the Treasury of the United States in Washington. Any notice, request, or consent under the hand of the Secretary of the Treasury of the United States shall be deemed and taken as the notice, request, or consent of the United States and shall be sufficient if delivered at the German Embassy at Washington or at the office of the German Ministry of Finance at Berlin. The United States in its discretion may waive any notice required hereunder, but any such waiver shall be in writing and shall not extend to or affect any subsequent notice or impair any right of the United States to require notice hereunder.

9. Compliance with legal requirements: Germany and the United States, each for itself, represents and agrees that the execution and delivery of this agreement have in all respects been duly authorized, and that all acts, conditions, and legal formalities which should have been completed prior to the making of this agreement have been completed as required by the laws of Germany and of the United States, respectively, and in conformity therewith.

10. Counterparts: This agreement shall be executed in two counterparts, each of which shall be in the English and German languages, both texts having equal force, and each counterpart having the force and effect of an original.

In witness whereof, Germany has caused this agreement to be executed on its behalf by its ambassador extraordinary and plenipotentiary at Washington thereunto duly authorized, and the United States has likewise caused this agreement to be executed on its behalf by the Secretary of the Treasury, with the approval of the President, pursuant to the act of Congress approved ——— all on the day and year first above written.

THE GERMAN REICH,
By ——— ———,
Ambassador Extraordinary and Plenipotentiary.
THE UNITED STATES OF AMERICA,
By ——— ———,
Secretary of the Treasury.

Approved:
——— ———,
President.

EXHIBIT A

(Form of bond)

THE GERMAN REICH

R. M. 20,400,000. No. —

The German Reich, hereinafter called Germany, in consideration of the premises and the mutual covenants contained in an agreement dated ——— between it and the United States of America, hereby promises to pay to the Government of the United States of America, hereinafter called the United States, on ———, the sum of 20,400,000 reichsmarks. This bond is payable at the Federal Reserve Bank of New York in gold coin of the United States of America in an amount in dollars equivalent to the amount due in reichsmarks at the average of the middle rates prevailing on the Berlin Bourse during the half monthly period preceding the date of payment.

This bond is payable without deduction for, and is exempt from, any and all taxes and other public dues, present or future, imposed by or under authority of Germany or any political or local taxing authority within Germany.

This bond is issued pursuant to the provisions of paragraph No. 1 (a) of an agreement dated ———, between Germany and the United States, to which agreement this bond is subject and to which reference is hereby made.

In witness whereof, Germany has caused this bond to be executed on its behalf by The Reichsschuldenverwaltung and delivered at the city of Washington, D. C., by its ambassador extraordinary and plenipotentiary at Washington, thereunto duly authorized, as of September 1, 1929.

For THE GERMAN REICH,
THE REICHSSCHULDENVERWALTUNG,
By ——— ———, *President.*
——— ———, *Member.*

EXHIBIT B

(Form of bond)

THE GERMAN REICH

R. M. ——— No. —

The German Reich, hereinafter called Germany, in consideration of the premises and the mutual covenants contained in an agreement dated ———, between it and the United States of America, hereby promises to pay to the Government of the United States of America, hereinafter called the United States, on ———, the sum of ——— Reichsmarks (R. M. ———). The bond is payable at the Federal Reserve Bank of New York in gold coin of the United States of America in an amount in dollars equivalent to the amount due in reichsmarks at the average of the middle rates prevailing on the Berlin Bourse during the half monthly period preceding the date of payment.

This bond is payable without deduction for, and is exempt from, any and all taxes and other public dues, present or future, imposed by or under authority of Germany or any political or local taxing authority within Germany.

This bond is issued pursuant to the provisions of paragraph numbered 1 (b) of an agreement dated ———, between Germany and the United States, to which agreement this bond is subject and to which reference is hereby made.

In witness whereof, Germany has caused this bond to be executed on its behalf by the Reichsschuldenverwaltung and delivered at the city of Washington, D. C., by its ambassador extraordinary and plenipotentiary at Washington, thereunto duly authorized, as of September 1, 1929.

For THE GERMAN REICH,
THE REICHSSCHULDENVERWALTUNG,
By ——— ———, *President.*
——— ———, *Member.*

NOTES TO BE EXCHANGED BETWEEN GERMANY AND THE UNITED STATES SIMULTANEOUSLY WITH EXECUTION OF THE AGREEMENT FOR THE COMPLETE AND FINAL DISCHARGE OF THE OBLIGATIONS OF GERMANY TO THE UNITED STATES WITH RESPECT TO THE AWARDS MADE BY THE MIXED CLAIMS COMMISSION, UNITED STATES AND GERMANY, AND FOR THE COSTS OF THIS GOVERNMENT'S ARMY OF OCCUPATION

The German Government (the Government of the United States) has the honor to set forth its understanding of paragraph No. 4 of the

agreement executed this day between the United States and Germany in the following sense:

(a) In respect of the acceptance by the United States of the full faith and credit of Germany as the only security and guaranty for the fulfillment of Germany's obligations under the agreement, Germany will be in the same position as the principal debtors of the United States under the debt funding agreements which exist between them and the United States.

(b) Nothing contained therein shall be construed as requiring the United States to release any German property which it now holds other than as heretofore or hereafter authorized by the Congress of the United States.

The German Government (the Government of the United States) also desires to expressly recognize, so far as the agreement executed this day between the United States and Germany is concerned, the prior rights of the holders of the bonds of the German external loan as provided in the general bond securing the loan dated October 10, 1924.

The United States has received the sum of R. M. ———— and the sum of R. M. ———— on account of the bonds numbered 1 to be delivered under paragraphs numbered 1 (a) and 1 (b), respectively, of the agreement executed this day between the United States, and Germany. The receipt of these amounts will be evidenced by an indorsement by the United States on the bonds on account of which the sums were received.

The agreement executed this day between the United States and Germany is substituted for the direct arrangement providing for the realization by the United States of its 2¼ per cent share in German payments under the experts' plan of 1924.

Mr. HEFLIN. Mr. President, I inquire how much does this bill carry in American money?

Mr. SMOOT. After deducting the credits allowed Germany on account of the army costs the amount involved is $164,670,421.62, and on account of awards of the Mixed Claims Commission, $256,656,713.39.

Mr. ROBINSON of Arkansas. What is the provision for the payment of the balance?

Mr. SMOOT. The payments are to be made as follows: On March 31, 1930, $25,100,000; on March 31, 1931, $12,750,000; on March 31, 1932, $12,650,000. Then the payments continue to 1965, when the last payment will be $17,650,000.

Mr. DILL. Mr. President, is this the bill which proposes to settle the German claims?

Mr. SMOOT. It is.

Mr. DILL. I object to the present consideration of the bill; it is a very important measure.

The VICE PRESIDENT. On objection, the bill will go to the calendar.

ADJUSTED COMPENSATION OF WORLD WAR VETERANS

Mr. SMOOT. From the Committee on Finance I report back favorably without amendment the bill (H. R. 9804) to amend the World War adjusted compensation act, as amended, by extending the time within which applications for benefits thereunder may be filed, and for other purposes, and I submit a report (No. 734) thereon.

Mr. WALSH of Massachusetts. I suggest to the Senator that he ask unanimous consent for the immediate consideration of the bill. I hope that it will be acted upon at this time; everybody is favorable to it, including the Veterans' Bureau and others interested.

Mr. ROBINSON of Arkansas. I have no objection to the consideration of the bill.

Mr. SMOOT. I ask unanimous consent for the immediate consideration of the bill.

There being no objection, the bill (H. R. 9804) to amend the World War adjusted compensation act, as amended, by extending the time within which applications for benefits thereunder may be filed, and for other purposes, was read, considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That subdivisions (b) and (c) of section 302, section 311, and subdivision (b) of section 604 of the World War adjusted compensation act, as amended (U. S. C., Supp. III, title 38, secs. 612, 621, and 664), are amended, to take effect as of December 31, 1929, by striking out "January 2, 1930," wherever it appears in such subdivisions and section, and inserting in lieu thereof "January 2, 1935."

SEC. 2. Section 602 of the World War adjusted compensation act, as amended (U. S. C., Supp. III, title 38, sec. 662), is amended, to take effect as of December 31, 1929, by striking out "before January 3, 1930," wherever it appears in such section, and inserting in lieu thereof "on or before January 2, 1935."

SEC. 3. Subdivision (b) of section 312 of the World War adjusted compensation act, as amended (U. S. C., Supp. III, title 38, sec. 622), is amended, to take effect as of May 29, 1928, to read as follows:

"(b) If in the case of any such individual who is a veteran it appears that his application was not made and filed prior to the beginning of such 7-year period, or that although entitled to receive adjusted service pay he did not receive it prior to the beginning of such 7-year period, then (if such 7-year period began on or before January 2, 1935) his dependents who have made and filed application before the expiration of one year after the date of the expiration of such 7-year period or on or before January 2, 1935, whichever is the later date, shall be entitled to receive the amount of his adjusted-service credit in accordance with the provisions of Title VI."

SEC. 4. This act shall not invalidate any payments made or application received, before the enactment of this act, under the World War adjusted compensation act, as amended. Payments under awards heretofore or hereafter made shall be made to the dependent entitled thereto regardless of change in status, unless another dependent establishes to the satisfaction of the director a priority of preference under such act, as amended. Upon the establishment of such preference the remaining installments shall be paid to such dependent, but in no case shall the total payments under Title VI of such act, as amended (except sec. 608), exceed the adjusted-service credit of the veteran.

SEC. 5. If, prior to the date of the enactment of this act, the Secretary of War or the Secretary of the Navy, as the case may be, have made certification under section 303 of the World War adjusted compensation act, as amended (U. S. C., Supp. III, title 38, sec. 613), on an application bearing the identified fingerprints but lacking the proved signature of a veteran now deceased, such application and certification shall be held and considered to have been legally made, and any adjusted-service certificate issued to the veteran upon such certification shall be held to have been validly issued and shall be valid.

AUTHORIZATION OF APPROPRIATIONS UNDER SETTLEMENT OF WAR CLAIMS ACT, 1928

Mr. SMOOT. From the Committee on Finance I report back favorably without amendment the joint resolution (H. J. Res. 328) authorizing the immediate appropriation of certain amounts authorized to be appropriated by the settlement of war claims act of 1928, and I submit a report (No. 735) thereon. I ask unanimous consent for the immediate consideration of the joint resolution.

Mr. ROBINSON of Arkansas. I inquire, Mr. President, of the chairman of the committee the character of claims that are embraced within this joint resolution?

Mr. SMOOT. The purpose of the joint resolution is to authorize the immediate appropriation of the balance of funds necessary to pay the awards of the arbiter under section 3 of the settlement of the war claims act of 1928. If the joint resolution shall be passed before the Congress finally adjourns, it will stop the payment of interest which would otherwise be paid and would mean the saving of many million dollars.

Mr. ROBINSON of Arkansas. The claims involved are adjudicated claims, are they?

Mr. SMOOT. All the claims are adjudicated.

Mr. ROBINSON of Arkansas. Then they ought to be paid. I have no objection to the consideration of the joint resolution.

The VICE PRESIDENT. Is there objection to the consideration of the joint resolution?

There being no objection, the joint resolution (H. J. Res. 328) authorizing the immediate appropriation of certain amounts authorized to be appropriated by the settlement of war claims act of 1928 was read, considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the sums authorized by subsection (p) of section 3 of the settlement of war claims act of 1928 to be appropriated after the date on which the awards of the war claims arbiter under section 3 of such act are certified to the Secretary of the Treasury are hereby authorized to be appropriated at any time, but shall not be available until after such date.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BORAH:

A bill (S. 4584) for the relief of Ellwood G. Babbitt and other officers and employees of the Foreign Commerce Service of the Department of Commerce, who, while in the course of their respective duties, suffered losses of Government funds or personal property, by reason of theft, catastrophes, shipwreck, or other causes; to the Committee on Foreign Relations.

By Mr. TRAMMELL:

A bill (S. 4585) authorizing the State of Florida, through its highway department, to construct, maintain, and operate a free highway bridge across the Choctawhatchee River near Freeport, Fla.: to the Committee on Commerce.

By Mr. McNARY:

A bill (S. 4586) to authorize additional appropriations for the National Arboretum; to the Committee on Agriculture and Forestry.

By Mr. NORRIS:

A bill (S. 4587) to amend section 109 of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909, and for other purposes; to the Committee on the Judiciary.

By Mr. BLAINE:

A bill (S. 4588) to amend the act entitled "An act to fix and regulate the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia," approved June 20, 1906, and for other purposes; to the Committee on the District of Columbia.

By Mr. ODDIE:

A bill (S. 4589) to authorize the Secretary of War to lend War Department equipment for use at the Lincoln Highway celebration at Ely, Nev., during the month of June, 1930; to the Committee on Military Affairs.

By Mr. NORBECK:

A bill (S. 4590) granting a pension to Little Hawk (with accompanying papers); and

A bill (S. 4591) granting a pension to Antoine De Rock-Brain (with accompanying papers); to the Committee on Pensions.

HOSPITALIZATION OF NAVAL RESERVISTS

Mr. ALLEN submitted an amendment intended to be proposed by him to the bill (H. R. 10662) providing for hospitalization and medical treatment of transferred members of the Fleet Naval Reserve and the Fleet Marine Corps Reserve in Government hospitals without expense to the reservists, which was referred to the Committee on Naval Affairs and ordered to be printed.

AMENDMENTS TO RIVER AND HARBOR BILL

Mr. HARRIS submitted two amendments intended to be proposed by him to House bill 11781, the river and harbor authorization bill, which were ordered to lie on the table and to be printed.

AMENDMENT TO SECOND DEFICIENCY APPROPRIATION BILL

Mr. McNARY submitted an amendment intended to be proposed by him to the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill insert:

"Coast Guard station at or in the vicinity of Port Orford, Oreg.: For the construction and equipment of a Coast Guard station on the coast of Oregon, at or in the vicinity of Port Orford, at such point as the commandant of the Coast Guard may recommend, as authorized by the act entitled "An act making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1892, and for other purposes," approved March 3, 1891, $———, to be available until expended."

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Farrell, its enrolling clerk, announced that the House had disagreed to the amendment of the Senate to the joint resolution (H. J. Res. 270) authorizing an appropriation to defray the expenses of the participation of the Government in the Sixth Pan American Child Congress, to be held at Lima, Peru, July, 1930; requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. TEMPLE, Mr. FISH, and Mr. LINTHICUM were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the following joint resolutions, in which it requested the concurrence of the Senate:

H. J. Res. 346. Joint resolution to supply a deficiency in the appropriation for the employees' compensation fund for the fiscal year 1930;

H. J. Res. 349. Joint resolution making an appropriation to the Grand Army of the Republic Memorial Day Corporation for use on May 30, 1930; and

H. J. Res. 350. Joint resolution to provide funds for payment of the expenses of the Marine Band in attending the Fortieth Annual Confederate Veterans' Reunion.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 15. An act to amend the act entitled "An act to amend the act entitled 'An act for the retirement of employees in the classified civil service, and for other purposes,' approved May 22, 1920, and acts in amendment thereof," approved July 3, 1926, as amended;

H. R. 7955. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1931, and for other purposes;

H. R. 9412. An act to provide for a memorial to Theodore Roosevelt for his leadership in the cause of forest conservation; and

H. R. 11433. An act to amend the act entitled "An act to provide for the acquisition of certain property in the District of Columbia for the Library of Congress, and for other purposes," approved May 21, 1928, relating to the condemnation of land.

SIXTH PAN AMERICAN CHILD CONGRESS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the joint resolution (H. J. Res. 270) authorizing an appropriation to defray the expenses of the participation of the Government in the Sixth Pan American Child Congress, to be held at Lima, Peru, July, 1930, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BORAH. I move that the Senate insist on its amendment, agree to the conference asked by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. BORAH, Mr. JOHNSON, and Mr. SWANSON conferees on the part of the Senate.

EXECUTIVE MESSAGES AND APPROVALS

Messages in writing were communicated to the Senate from the President of the United States by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On May 26, 1930:

S. 180. An act to legalize a bridge across St. Johns River 2½ miles southerly of Green Cove Springs, Fla.;

S. 195. An act to facilitate the administration of the national parks by the United States Department of the Interior, and for other purposes;

S. 3741. An act to extend the times for commencing and completing the construction of a bridge across the south fork of the Cumberland River at or near Burnside, Pulaski County, Ky.;

S. 3742. An act to extend the times for commencing and completing the construction of a bridge across the Cumberland River at or near Burnside, Pulaski County, Ky.;

S. 3743. An act to extend the times for commencing and completing the construction of a bridge across the Cumberland River at or near Canton, Ky.;

S. 3744. An act to extend the times for commencing and completing the construction of a bridge across the Tennessee River at or near Eggners Ferry, Ky.; and

S. 3746. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Maysville, Ky.

On May 27, 1930:

S. 3783. An act for the relief of the State of Georgia for damage to and destruction of roads and bridges by floods in 1929; and

S. 3817. An act to facilitate and simplify national-forest administration.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated below:

H. R. 4015. An act to provide for the revocation and suspension of operators' and chauffeurs' licenses and registration certificates; to require proof of ability to respond in damages for injuries caused by the operation of motor vehicles; to prescribe the form of and conditions in insurance policies covering the liability of motor-vehicle operators; to subject such policies to the approval of the commissioner of insurance; to constitute the director of traffic the agent of nonresident owners and operators of motor vehicles operated in the District of Columbia for the purpose of service of process; to provide for the report of accidents; to authorize the director of traffic to make rules for the administration of this statute; and to prescribe penalties for the violation of the provisions of this act, and for other purposes;

H. R. 9641. An act to control the possession, sale, transfer, and use of dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes; and

H. R. 12571. An act to provide for the transportation of school children in the District of Columbia at a reduced fare; to the Committee on the District of Columbia.

H. J. Res. 346. Joint resolution to supply a deficiency in the appropriation for the employees' compensation fund for the fiscal year 1930;

H. J. Res. 349. Joint resolution making an appropriation to the Grand Army of the Republic Memorial Day Corporation for use on May 30, 1930; and

H. J. Res. 350. Joint resolution to provide funds for payment of the expenses of the Marine Band in attending the Fortieth Annual Confederate Veterans' Reunion; to the Committee on Appropriations.

REVISION OF THE TARIFF—CONFERENCE REPORT

Mr. SMOOT. Mr. President, I ask that the conference report which I presented to the Senate yesterday be laid before the Senate.

The VICE PRESIDENT. The Chair lays before the Senate the conference report on the disagreeing votes of the two Houses on certain amendments to the tariff bill.

(The report is printed at page 9523 et seq. in the Senate proceedings of yesterday's RECORD.)

The VICE PRESIDENT. The Senator from Utah [Mr. SMOOT] is entitled to the floor.

Mr. BARKLEY. Mr. President, at the proper time, whenever it is, and if this is the proper time I shall do so now, I wish to make a point of order against the conference report.

The VICE PRESIDENT. Against the second report or the first report?

Mr. BARKLEY. Probably against both.

The VICE PRESIDENT. The point of order can be made at any time before the report is agreed to.

Mr. BARKLEY. The point of order of course will lie, if it lies at all, against several amendments, on the ground that the conferees have exceeded their authority in the adjustment of differences between the House and the Senate. I do not care to take the time now to make points of order if the Chair prefers that the matter be taken up at some other time, but I do not want to lose the right to make the point of order.

The VICE PRESIDENT. The Senator has the right to make the point of order at any time before the report is adopted. There are two separate reports. The last report has now been taken up. The first report is not now before the Senate.

Mr. BARKLEY. Will it be in order to make points of order and let them be pending?

Mr. SMOOT. Not against the first report, because that is not now before the Senate.

The VICE PRESIDENT. If the Senator desires to make a point of order against any item in the second report, that may be done and it may be considered as pending if the Senator from Utah, who has the floor, will yield for that purpose.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Ohio?

Mr. SMOOT. I yield.

Mr. FESS. If the point of order is made, and then any Senator demands the regular order, would not the Chair have to rule?

The VICE PRESIDENT. The point of order is not debatable unless the Chair desires to hear Senators upon it. The Chair will state that upon a measure of such great importance the present occupant of the Chair would no doubt want to hear arguments upon the point of order.

Mr. FESS. My inquiry was to avoid shutting off anyone who might want to make a statement. If the point of order is made now and some one should then demand the regular order, it might cut off debate.

Mr. BARKLEY. Mr. President, in order that the question may be before the Senate for such disposition as the Chair may see fit to make of it, I make the point of order now that the conferees exceeded their authority in rewriting the flexible provisions incorporated in their second report.

Mr. SMOOT. Mr. President, I did not yield to the Senator from Kentucky for the purpose of making the point of order. He may make it as soon as I conclude what I have to say.

The VICE PRESIDENT. The Senator from Utah has the floor.

Mr. HARRISON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Mississippi?

Mr. SMOOT. I yield.

Mr. HARRISON. I am merely going to suggest that we ought to proceed with the consideration of the conference report on the tariff bill in an orderly way. Of course, there are several of us who want to discuss it—and to discuss it at length—but it does seem to me if there is a point of order that will lie as to either the first or the second of the conference reports that it ought to be made now, and it ought to be decided, so that we can determine whether or not the bill is going back to conference, and then proceed with the debate.

I was going to suggest to the Senator that he ask unanimous consent that the two reports be laid before the Senate now—they can be voted on separately, if the Senator desires—so that both may be before the Senate.

Mr. SMOOT. Mr. President, I would prefer to have the report which I submitted yesterday considered at this particular time. I think proceeding in that way will hasten matters, and I believe that is the proper way in which to proceed. I should like to explain just exactly what the conferees have done in the second report and state the reasons for the changes made. Then, if the Senator from Kentucky shall desire to make the point of order, after I have explained the report, he may do so; but I do not think that a point of order would lie against the flexible provision to which he has referred.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Montana?

Mr. SMOOT. I yield.

Mr. WALSH of Montana. The Senator from Utah suggested that he had not yielded for the purpose of permitting the Senator from Kentucky to make the point of order. I do not want to let that suggestion pass unnoticed, because my understanding is that a Senator may rise to a point of order even though another Senator has the floor, and that the point of order takes precedence of anything else. I think, however, Mr. President, that it would be more advisable for the Senator from Kentucky not to press his point of order at the present time until after the Senator from Utah shall have explained the nature of the conference report, and particularly that portion of it to which the Senator from Kentucky desires to press his point of order.

Mr. BARKLEY. Mr. President, I had not intended to take the Senator from Utah off his feet; I was merely trying to preserve my rights.

Mr. WALSH of Montana. I wish to add that I trust the suggestion of the Vice President will be accepted, and that the Senator from Kentucky will take occasion to embrace the opportunity afforded by the Vice President to discuss at length his contention that the conferees exceeded their powers.

Mr. SWANSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Virginia?

Mr. SMOOT. I yield for a question.

Mr. SWANSON. I will ask this question: The Senator has stated that there are two reports here; is the last report intended as a substitute, if it shall be acted on, for the first report?

Mr. SMOOT. No.

Mr. SWANSON. Will it be necessary to approve both of them before the bill will finally be disposed of?

Mr. SMOOT. They deal with different subjects. If the Senator will take the two reports and compare them, he will find that the first report deals with subjects not at all involved in the subsequent report.

THE NATURE OF AND THE REASONS FOR CHANGES MADE IN THE DUTIES IN THE PENDING TARIFF BILL (H. R. 2667) AS COMPARED WITH THE TARIFF ACT OF 1922 AND THE EFFECT OF THESE CHANGES

Mr. President, changes made in the duties on imports entering the United States in the course of the current tariff revision have aroused so much misinformed comment that an outline of such changes, their nature, the reasons for them, and their effect seems desirable even at this late date for a better understanding and appreciation of H. R. 2667.

In this statement the comparisons are based on imports for consumption during the calendar year 1928. Items which are dutiable under the present law but which have been transferred to the free list in H. R. 2667 are included in order to show the net effect of all changes made. Items on the free list under the tariff act of 1922 but which have been transferred to the dutiable list in H. R. 2667 also are included, because customs revenues will result from imports of them under the new law, and such changes are factors in the net effect sought. Items now dutiable but which appear in H. R. 2667 at the same or at higher or lower rates of course are included. The result of the foregoing is to show the net effect on customs revenues of changes made in duties in H. R. 2667, as indicated by the 1928 imports for consumption. Because of changes made in classifications resulting from a need for greater clarity in descriptions and more detailed segregations of items for statistical and administrative reasons, not all of the effects of changes which have been made in the duties can be shown statistically. In other words, there is a group of relatively unimportant noncomparable items. The value of such imports in 1928 amounted to $40,768,502, as compared with a total of $1,614,282,138 for both comparable and noncomparable items. The noncomparable

items, therefore, account for 2.5 per cent of the total as compared with $1,573,152,027, or 97.5 per cent of comparable items. A statement of the effect of changes made in the duties, therefore, must deal with this preponderant percentage of comparable items. A careful study by the best informed body of tariff specialists ever assembled indicates that there is no reason to believe that the results would be changed appreciably if it were practicable to include in the comparisons the minute percentage of noncomparable items.

In this statement of the nature and effect of changes in duties in H. R. 2667, as compared with the tariff act of 1922, the matter is first taken up schedule by schedule for the sake of explicitness. The bill then is summarized to give the desired bird's-eye view of the entire subject. In order not to present too much wearisome detail, however, only the really important changes will be specifically referred to.

SCHEDULE 1. CHEMICALS

In Schedule 1 there are 535 named items and basket clauses in the present law, as compared with 556 in the final draft of H. R. 2667. Twenty-six items have been transferred from the dutiable to the free list and 14 have been transferred from the free to the dutiable list. No change has been made in the rates on 469 items and basket clauses. On the rest the duties have been increased on 47 and decreased on 66. On the basis of imports during 1928, the net result of these changes is to show customs duties amounting to $29,748,153 under H. R. 2667, as compared with $27,688,949 under the present law. The respective computed ad valorem equivalents of these duties is 31.40 per cent and 29.22 per cent, or an increase of 2.18 per cent. This increase in the duties and in the computed ad valorem rate results almost entirely from:

(1) An increase in the duty on olive oil, in the interest of domestic producers of competitive oils and raw materials therefor.

(2) An increase in the duty of soybean oil, in the interest of the growing domestic production of soybeans for oil crushing.

(3) An increase in the duty on casein, in the interest of domestic producers of skim milk, the raw material of casein.

(4) Increases in the duties on starches, dextrines, glue, and gelatin, in the interest of the American farmers who produce competitive raw materials.

(5) Increases in the duties on oleic acid and stearic acid, joint products of tallow, in the interest of American farmers and ranchers, the producers of the raw materials.

(6) Increases in the rates of butyl acetate and amyl acetate, competitive with the domestic fermentation of corn, in the interest of American farmers who produce cash corn as a major crop.

It should be noted, too, that in the interest of the farmers provision is made in H. R. 2667 for free entry of all materials used chiefly for fertilizers or for the manufacture of fertilizers, notwithstanding any other provisions in the bill. Important agricultural insecticides also were transferred to the free list. Moreover, important transfers to the free list were made with respect to noncompetitive raw materials for various manufactured chemicals, in the purchase of which farmers as well as city dwellers are interested.

Mr. SIMMONS. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from North Carolina?

Mr. SMOOT. I should like to proceed in consecutive order.

Mr. SIMMONS. I will not interfere with the order in which the Senator desires to discuss the subject; I merely wish to ask him a question. Is he making a comparison between the present law and the report that we are to act upon as submitted by the conferees?

Mr. SMOOT. That is what I am endeavoring to do, Mr. President.

SCHEDULE 2. EARTHENWARE, GLASSWARE, ETC.

Mr. President, in Schedule 2 there are 296 named items and basket clauses in the present law as compared with 318 in H. H. 2667. There have been 2 transfers from the dutiable to the free list and 7 from the free to the dutiable list. Increases in the rates have been made with respect to 122 named items and basket clauses, as compared with 3 decreases. Substantial increases were made with respect to commodities imported in comparatively large quantities. Most important of these are pottery, certain types of glassware, and certain building materials. The rates on other glass are no higher, and on plate glass are lower, however, than those proclaimed under the present law, by the President, and effective as from February 16, 1929. The increased rates on the building materials will be effective only in a few of the largest seaports, and ineffective elsewhere. They will not affect the farmers, except as the market for their products is improved as a result of greater employment in these seacoast industries. Substantially the same thing is true of the needed increases granted with respect to pottery.

Greater employment in the pottery centers can only react favorably on the demand for the products of American farms. This also is true with respect to glass. On the basis of imports during 1928, the net result of the changes in rates is to show duties amounting to $29,995,159 under H. R. 2667, as compared with $25,511,007 under the present law. The computed ad valorem equivalent of the proposed duties is 53.64 per cent, as compared with 45.62 per cent under the present law, or an increase of 8.02 per cent. In view of the need of the industries for this added protection and of the fact that the farmers will share in it, farmers need not be concerned.

SCHEDULE 3. METALS

In Schedule 3 there are 653 named items and basket clauses, as compared with 706 in H. R. 2667. There were four transfers to and four transfers from the free list. Increases in the rates were made with respect to 105 items and basket clauses, and there are 69 decreases. On the basis of imports during 1928, the net result of the changes made is to show duties amounting to $41,537,266 under H. R. 2667, as compared with $40,003,772 under the present law. The respective computed ad valorem equivalents are 35.01 per cent and 33.71 per cent, or an increase of 1.30 per cent. In no case is there an increase in duties on metals or manufactures thereof which will affect the farmer directly, and in no case has the farmer more than a very slight, indirect interest in the higher rates. An important decrease, to the advantage of the farmers, occurs in the case of aluminum and all aluminum utensils. The net effect of all the changes made in Schedule 3 is merely to perfect it in the light of experience under the tariff act of 1922.

SCHEDULE 4. WOOD, ETC.

In Schedule 4 there are 67 named items and basket clauses, as compared with 52 in H. R. 2667. Fourteen transfers have been made from the dutiable to the free list, and two from the free to the dutiable list. No changes have been made with respect to 35 named items and basket clauses, while rates have been increased in the case of 18 and decreased on 14. On the basis of imports during 1928, the rates under H. R. 2667 show duties amounting to $5,519,370, as compared with $4,191,356 under the present law. The computed ad valorem equivalent of the duties is raised from 7.97 per cent to 10.49 per cent, or an increase of 2.52 per cent. The net effect of the changes made is to remove softwood lumber from the free list.

SCHEDULE 5. SUGAR

In Schedule 5 there are 38 named items and basket clauses in the present law, and 39 in H. R. 2667. Rates have been increased with respect to 14 items, and no changes have been allowed in the rest. On the basis of imports in 1928, the net result of the changes is to show duties amounting to $134,939,588 under H. R. 2667 as compared with $118,572,109 under the present law. The respective computed ad valorem equivalents are 77.21 per cent, and 67.85 per cent, or an increase of 9.36 per cent. As is well known to all who have followed the consideration of the bill, virtually all of the indicated increases in the duties and in their ad valorem equivalents result from the higher rates provided for on raw sugar. These higher rates are primarily in the interest of the sugar-beet growers of the Middle, Central, and far West. Nearly all of the beets are grown on irrigated farms. Sugar beets are a staple crop of high value per acre, marketed close to the farms, and constitute the sheet anchor of irrigated agriculture in the present development of the United States. Without sugar beets and hay, which is grown in part as a "rest" crop, and is marketed chiefly in the form of livestock, a great portion of our irrigated acreage would still be in the natural state. Western rural development would still be in its infancy, and the sites of hundreds of thousands of happy, contented homes would see little but the prowling coyote and the skulking timber wolf, stalking wild deer and smaller game. No one need feel concerned with respect to the increased duties on sugar. They are a national blessing.

SCHEDULE 6. TOBACCO

In Schedule 6 there are 14 named items and basket clauses, both in the present law and in H. R. 2667. No changes in the rates have been made in 12 of these, and increases have been allowed in but two. On the basis of imports during 1928, the effect of these changes is to show duties amounting to $40,371,197 under H. R. 2667, as compared with $39,314,791 under the present law. The respective computed ad valorem equivalents are 64.78 per cent and 63.09 per cent, or an increase of

1.69 per cent. This increase results solely from a slightly higher rate on cigar wrapper tobacco granted in the interest of domestic farmers who raise cigar leaf of that type and grade. The only result of the increase will be to help these farmers.

SCHEDULE 7. AGRICULTURAL PRODUCTS AND PROVISIONS

In Schedule 7 there are 362 named items and basket clauses, as compared with 463 in H. R. 2667. Twenty-five items have been transferred from the dutiable to the free list, and 14 have been transferred from the free to the dutiable list. No changes have been made with respect to 209 items and basket clauses as compared with increases in 250 and decreases in 29. Transfers from the dutiable to the free list represent largely spices and spice seeds, unground, and noncompetitive with domestic raw products. On the basis of imports during 1928, the net result of the changes is to show duties amounting to $109,740,518 under H. R. 2667 as compared with $64,124,404 under the present law. The respective computed ad valorem equivalents of the increased duties are 34 per cent and 19.86 per cent, or an increase of 14.14 per cent. The important increases affect the following items:

(1) Live cattle, beef, and veal;
(2) Canned and other prepared and preserved meats, and fresh meats, n. s. p. f., chiefly canned corn beef;
(3) Dairy products;
(4) Poultry products;
(5) Feed concentrates (transferred from the free list);
(6) Orchard products, mainly cherries, figs, and citrus fruits;
(7) Nuts, including peanuts;
(8) Oil-bearing seeds;
(9) Field, grass, garden, and flower seeds;
(10) Fresh and canned vegetables, including onions and potatoes; and
(11) Long-staple cotton.

All of these increases are merited in view of the competitive situation and were granted in the interest of the farmers, whose postwar prosperity has been hindered in important domestic areas by world-wide overproduction and low prices for farm products. The transfer of long-staple cotton from the free to the dutiable list is vital to the domestic producers of that type of cotton and should add largely to returns from farming in numerous areas of the South and Southwest.

SCHEDULE 8. SPIRITS, WINES, AND BEVERAGES

In Schedule 8 there are 39 named items and basket clauses in the present law as compared with 41 in H. R. 2667. No change was made in the rates in 37 instances. Four increases were made and no decreases. On the basis of imports in 1928, the net result of the changes is to show duties amounting to $680,069 under H. R. 2667 as compared with $523,045 under the present law, and an advance in the computed ad valorem equivalent from 36.48 per cent to 47.44 per cent, or an increase of 10.96 per cent. This results from higher duties provided for on angostura bitters, which under H. R. 2667 will pay the same duty per proof gallon as spirits, brandies, cordials, and so forth.

SCHEDULE 9. COTTON MANUFACTURES

In Schedule 9 there are 91 named items and basket clauses in the present law as compared with 106 in H. R. 2667. In 64 instances no changes were made in the rates. Thirty-seven increases and 5 decreases have been made, and there is one transfer from the free to the dutiable list. On the basis of imports during 1928, the net effect of the changes is to show duties amounting to $22,422,198 under H. R. 2667 as compared with $19,451,364 under the tariff act of 1922. The respective computed ad valorem equivalents are 40.27 per cent and 46.42 per cent, or an increase of 6.15 per cent. One-half of the increase in duties and in the computed ad valorem equivalent results from the compensatory duty of 10 cents per pound imposed on certain manufactures of cotton and necessary to offset or compensate domestic mills for the duty of 7 cents per pound imposed on long-staple cotton (made dutiable in par. 783 of Schedule 7). Nearly all the rest of these increases result from higher duties needed and provided for on warp-knit cotton gloves and Jacquard-figured cotton upholstery cloths. This part of the increases is needed in the interest of cotton-textile workers.

SCHEDULE 10. FLAX, HEMP, JUTE, ETC.

In Schedule 10 there are 87 named items and basket clauses under the present law and 89 under H. R. 2667. No changes in rates were made in 56 instances, and increases were made in 33. On the basis of imports during 1928, the net result of the changes is to show duties amounting to $25,500,925 under H. R. 2667, as compared with $24,191,702 under the tariff act of 1922. The respective computed ad valorem equivalents of the duties are 18.16 per cent and 19.14 per cent, or an increase of 0.98 per cent. A considerable part of the increases affect duties on raw materials—flax, hemp, and palm-leaf fiber. Nearly all of the rest apply to yarns and threads, to hard-fiber (manila) cordage (particularly that less than three-fourths inch in diameter), and to manufactures of linen. These increases were granted because of proven need of the domestic manufacturers, who desire to keep their workers employed. The sum total of all the increases really is too small seriously to concern any interest. The schedule merely has been perfected in the light of experience under the tariff act of 1922.

SCHEDULE 11. WOOL AND WOOL MANUFACTURES

In Schedule 11 there are 65 named items and basket clauses under the tariff act of 1922 and 67 under H. R. 2667. No changes in rates were made in 9 instances. There were 62 increases and 7 decreases. On the basis of imports during 1928, the net result of the changes is to show duties amounting to $69,609,241 under H. R. 2667 as compared with $57,636,641 under the present law. The respective computed ad valorem equivalents of the duties are 59.83 per cent and 49.54 per cent, or an increase of 10.29 per cent.

More than one-third of the increase in the duties results from the higher rates on raw wool and on wool wastes and rags—that is, raw materials competitive with domestic wool. About one-third of the increase results from the higher compensatory duties placed on wool manufactures to offset the higher rates on raw materials and thus to protect American woolgrowers in their higher duties on wool. The rest of the increase results from a proven need for and the granting of higher protective rates on the finer wool fabrics, especially on wool-felt hat bodies and hats, the imports of which have increased tremendously. Owing to the higher duties imposed on wool wastes and rags, it was necessary to eliminate certain low-value brackets in subsequent paragraphs. This elimination results in apparent increases in the duties, but such increases are more apparent than real. In the interest of the less well-paid domestic workers duties lower than in the present law are provided for on the coarser wools, relatively few of which are grown in the United States.

SCHEDULE 12. MANUFACTURES OF SILK

In Schedule 12 there are 36 named items and basket clauses in the present law and 38 in H. R. 2667. No rate changes were made in 26 of these, increases were made in 8, and reductions were made in 4. On the basis of imports in 1928, the net result of these changes is to show duties amounting to $19,181,350 under H. R. 2667, as compared with $18,348,161 under the tariff act of 1922. The computed ad valorem equivalent of the duties is raised from 56.56 per cent to 59.13 per cent, or an increase of 2.57 per cent. This increase results almost entirely from slightly higher rates on ply-spun silk yarns, narrow silk fabrics, and silk-and-cotton umbrella cloths, broad silks, and silk velvets. There was a demonstrated need for these small increases.

SCHEDULE 13. MANUFACTURES OF RAYON

In the rayon schedule there are 13 named items and basket clauses in the present law and 36 in H. R. 2667. No changes in rates were made in 22 of these; increases were made in 12 and decreases in 2. On the basis of imports in 1928, the net effect of the changes is to show duties amounting to $6,126,964 under H. R. 2667, as compared with $6,019,359 under the tariff act of 1922. The respective computed ad valorem equivalents are 53.62 per cent and 52.68 per cent, or an increase of 0.94 per cent. Nearly all of the increases affect rayon yarns, duties on which were raised slightly for the adequate protection of domestic producers of them. These higher duties necessitated a correspondingly small increase in the compensatory duties on manufactures of rayon.

SCHEDULE 14. PAPERS AND BOOKS

In the paper and book schedule there are 134 named items in the present law and 141 in H. R. 2667. No rate changes were made in 122 of these; increases were made in 18 and a decrease was made in one. On the basis of imports during 1928, the net result of these changes is to show duties amounting to $5,385,775 under H. R. 2667, as compared with $5,113,098 under the tariff act of 1922. The respective computed ad valorem equivalents are 26.06 per cent and 24.74 per cent, or an increase of 1.32 per cent. The bulk of this increase results from slightly higher duties on pulpboard, which is imported for use in the manufacture of wall board, and from needed increases in the duties on papier-mâché, certain very thin papers, and decorated or embossed papers.

SCHEDULE 15. SUNDRIES

In the sundry schedule there are 410 named items and basket clauses under the tariff act of 1922 and 481 under H. R. 2667. In 294 of these there are no rate changes—increases have been made in 156, decreases in 35, 4 items were transferred to the free list, and 7 were transferred from the free to the dutiable list. On the basis of imports during 1928 the net result of these changes is to show duties of $89,698,507 under H. R. 2667, as compared with $71,959,625 under the present law. The re-

spective computed ad valorem equivalents are 21.97 per cent and 27.39 per cent, or an increase of 5.42 per cent. The bulk of the increase affects (1) straw, chip, and grass braids, bonnets, and hats; (2) buttons; (3) manufactures of cork; (4) fireworks; (5) matches and match splints and skillets; (6) embroideries, including handkerchiefs; (7) cattle hides and skins; and (8) leather and leather manufactures. Cattle hides and skins were transferred from the free list in the interest of cattle raisers, and nearly one-half of the higher duties on leather and leather manufactures results from the duties on hides and skins. Increases under (7) and (8) account for nearly 90 per cent of the net increases in the schedule as a whole. Most of the other increases are offset by lower duties on precious stones, on which the rates were lessened to add to revenues collected and to curtail smuggling.

H. R. 2667 AS A WHOLE

In the entire list of comparable items in the tariff act of 1922 there are 2,830 named items and basket clauses, as compared with 3,218 in H. R. 2667. No rate changes were made in 2,170 of these, or nearly 68 per cent of the total. Increases were made in 888 and decreases in 235. Transfers from the dutiable to the free list embraced 75 items and 48 items were transferred from the free to the dutiable list. On the basis of imports during 1928 these changes with respect to comparable items show duties of $630,456,280 under H. R. 2667, as compared with $522,649,383 under the present law. The computed ad valorem equivalents of the duties are 33.22 per cent and 40.08 per cent, or an increase of 6.86 per cent.

The bulk of the indicated increases in the duties and in the computed ad valorem equivalents of them results from higher duties on competitive agricultural products and from the compensatory element contained in imported manufactured products which are made in part or entirely from agricultural raw materials. A careful item by item analysis has been made by the Tariff Commission of the changes in rates in order to ascertain the actual protective rates on agricultural raw materials and the foregoing compensatory elements contained in the duties on manufactured products which use agricultural raw materials. These compensatory elements are protective to agriculture and merely neutralize for domestic manufactures any effect which the tariff may have in raising the cost of their raw materials. Obviously it is the noncompensatory elements in the duties on imported manufactured products made from agricultural raw materials which constitute the protective rates intended to equalize the differences between domestic and foreign costs of conversion.

The results of this study appear in Table 1 (p. 5) of the commission's mimeographed report on Compensatory and Protective Duties (May, 1930). This report, it should be noted, makes no attempt to separate out the compensatories on agricultural raw materials more than one stage removed from the raw state. For instance, no attention is given to the compensatory element inherent to the linseed crushed for oil used in imported paints, or to that inherent to the cattle hides and calfskins contained in the leather used in imported boots, shoes, and other manufactures of leather. The following comparisons, therefore, minimize the real protection afforded to agriculture.

Part I of the table referred to above shows that imports of agricultural raw materials during 1928 were valued at $512,450,270. The duties collected amounted to $195,235,834, equivalent to 38.10 per cent ad valorem. Under the rates provided for H. R. 2667 the duties would amount to $250,688,224, with an ad valorem equivalent of 48.92 per cent, or an increase of 10.82 per cent.

Part II of this table shows that imports in 1928 of manufactured products made from agricultural raw materials were valued at $183,062,487. The duties collected amounted to $66,176,607, with an ad valorem equivalent of 36.15 per cent. Under the rates in H. R. 2667 the duties would amount to $89,472,920, with an ad valorem equivalent of 48.87 per cent, or an increase of 12.72 per cent. But the compensatory elements in these duties, offsetting the higher cost to domestic manufacturers of agricultural raw materials imported as such, amounted to $23,837,747 under the present law, equivalent to 14.11 per cent ad valorem. Under the rates in H. R. 2667 these compensatory duties would amount to $42,570,671, equivalent to 23.25 per cent ad valorem, or an increase of 9.14 per cent. The purely protective elements in these duties amounted to $40,338,860 under the tariff act of 1922 as compared with $46,902,249 under the rates in H. R. 2667, with respective ad valorem equivalents of 22.04 and 25.62 per cent, or an increase of 3.58 per cent.

The foregoing means that, under the rates in H. R. 2667, agricultural raw materials imported as such have fared three times as well with respect to increases in the duties as have protective rates to American processors of such raw materials. Substantially the same is true with respect to the compensatory elements contained in the duties on imports of manufactures made from agricultural raw materials. These compensatory elements, of course, protect the American farmer in his duties on competitive raw materials and are as valuable to him as the duties levied directly on imports of them. The disparity between the increases provided for in the interest of the farmer as compared with those in the interest of the manufacturers of agricultural raw materials are fully justified. Under tariff act of 1922 the farmer was less well cared for than was intended when the present law was enacted.

With respect to industrial products made from other than agricultural products, with a correction for the change in softwood lumber, Part III of the table in question shows that the duties collected under the present law on imports during 1928 amounted to $261,232,942, with an ad valorem equivalent of 31.02 per cent. Under the rates in H. R. 2667 these duties would amount to $290,295,136, with an ad valorem equivalent of 33.08 per cent, or an increase of 2.06 per cent. As shown in Part IV of the table and with a similar correction for softwood lumber, the protective rates on all industrial products, irrespective of the kind of raw materials used (without deduction of compensatories on other than agricultural raw materials), had an average ad valorem equivalent of 28.43 per cent under the present law as compared with 31.79 per cent under H. R. 2667, or an increase of 2.37 per cent. On the basis of actual experience in 1928, it is evident that protective rates to agriculture have been increased four times as much as the protective rates to industry as a whole.

The consideration given to agriculture in H. R. 2667 as compared with the present law also is shown by a comparison of (1) the increases in all the duties collected on agricultural raw materials, (2) of the increases in all of the protective rates to all industrial products, and (3) of the total increases in the duties on all comparable items, whether agricultural or industrial. Thus the duties collected on imports of agricultural products, including the compensatory elements in Part II of the table above referred to, amounted to $221,077,581 under the tariff act of 1922 as compared with $293,258,895 under H. R. 2667. The increase amounts to $72,181,314. With a correction to allow for the change on lumber, the protective rates to industry resulted in duties amounting to $301,571,802 under the tariff act of 1922 as compared with $337,197,385 under H. R. 2667. The increase amounts to $36,402,057. With a similar change concerning lumber, the total duties collected on all comparable items amounted to $522,649,383 under the tariff act of 1922 as compared with $630,456,280 under H. R. 2667, and shows a total increase of $107,806,897. Practically 68 per cent of this total increase results from the higher duties on agricultural raw materials, yet the declared value of these items imported as such was only about 33 per cent of the declared value of all comparable imports in 1928.

The foregoing simply means that H. R. 2667 is written primarily for agriculture. The bill goes as far as it is possible to go in protecting agriculture in its home market and yet not prejudice the industrial pay rolls, which are such an important factor in the size and profitableness of that home market. Defects which have become apparent in the tariff act of 1922, owing to changes in competitive conditions during the past eight years, have been remedied. Agriculture has been given the consideration which was intended in 1922, but which was prevented by lack of information and by changes in competitive factors since that time. The bill stands on its merits in appearing for a final vote.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Gillett	McCulloch	Simmons
Ashurst	Glass	McKellar	Smoot
Barkley	Glenn	McMaster	Steck
Bingham	Goff	McNary	Steiwer
Black	Goldsborough	Metcalf	Stephens
Blaine	Greene	Norbeck	Sullivan
Borah	Hale	Norris	Swanson
Bratton	Harris	Nye	Thomas, Idaho
Brock	Harrison	Oddie	Thomas, Okla.
Broussard	Hastings	Overman	Townsend
Capper	Hatfield	Patterson	Trammell
Caraway	Hawes	Phipps	Tydings
Connally	Hayden	Pine	Vandenberg
Copeland	Hebert	Pittman	Wagner
Couzens	Heflin	Ransdell	Walcott
Cutting	Howell	Reed	Walsh, Mass.
Dale	Johnson	Robinson, Ark.	Walsh, Mont.
Deneen	Jones	Robinson, Ind.	Waterman
Dill	Kean	Robsion, Ky.	Watson
Fess	Kendrick	Schall	Wheeler
Frazier	Keyes	Sheppard	
George	La Follette	Shortridge	

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present. The question is on agreeing to the conference report.

Mr. BARKLEY. Mr. President, I make the point of order on the second conference report on the ground that the conferees exceeded their authority and jurisdiction in the rewriting of the so-called flexible provision of the tariff bill.

I do not make this point, Mr. President, merely to be technical or punctilious in the consideration of language; I make it because the provision brought back by the conference committee completely changes not only the language but the effect of both the House and Senate provisions on that subject.

Mr. WATSON. Mr. President, will the Senator yield to me?

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Indiana?

Mr. BARKLEY. I yield.

Mr. WATSON. We could not hear the Senator on this side, and we would like to know what is his point of order.

Mr. BARKLEY. The point of order is that the conferees exceeded their authority and jurisdiction in the rewriting of the flexible provision of the tariff bill.

Mr. WATSON, Mr. SMOOT, and Mr. ROBINSON of Arkansas addressed the Chair.

The VICE PRESIDENT. Does the Senator from Kentucky yield; and if so, to whom?

Mr. BARKLEY. I yield to the Senator from Indiana for a question, but I should like to present my reasons for making the point of order.

Mr. WATSON. May I ask the Senator if he will kindly state in what particular the conferees exceeded their authority?

Mr. BARKLEY. That is what I was starting to do.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

Mr. BARKLEY. I yield.

Mr. ROBINSON of Arkansas. Has the Senator further points of order which he intends to direct against the conference report?

Mr. BARKLEY. Not against the pending conference report. I have other points of order which I intend to make against the first conference report which are not involved in the one now pending; but the first conference report is not now before us, and I, therefore, can not make them.

Mr. President, the language of the so-called flexible provision as brought back by the conference committee changes not only the provisions from a linguistic standpoint but from the standpoint of the effective law on the subject. I do not deem it necessary to read the House provision on the flexible tariff, nor the Senate provision on the flexible tariff, but I think I can substantially state the difference between the two provisions as carried in the House and Senate bills, and the difference between both of them and the provision which has been brought back by the conference committee.

There is no rule more firmly settled in both the House and the Senate than the rule that a conference committee, made up of conferees appointed by both Houses, shall be limited to the adjustment of the differences between the two Houses in matters of legislation. There is no other object in the appointment of conferees except to find some common ground between the extreme House and the extreme Senate provision on any subject. As Speaker Clark once commented in ruling on a similar point in the House of Representatives:

> Conferees may oscillate back and forth as much as they please between the extreme House and the extreme Senate provision, but they can not go beyond the limitations of either.

If conferees have the authority to go beyond the provisions of both the House and the Senate bill in the adjustment of differences, the conferees have the power to write legislation. Neither House of Congress has ever conceded that the conferees have any power to write new legislation; but, on the contrary, they have limited the conferees to a consideration of the actual differences between the House and the Senate.

In commenting on a point of order made in the Senate former Vice President Marshall made the statement that much of the legislation enacted by Congress is enacted by conferees, and he predicted that the time would soon come when some Presiding Officer of the Senate would be compelled to call a halt upon such practice by ruling specifically on a point of order made against a conference report on the ground that new language and new provisions were inserted which were not contained in either the House or the Senate bill.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BLACK. Would the Senator object to an illustration that has just occurred?

Mr. BARKLEY. No.

Mr. BLACK. My attention was called yesterday by some people from Mobile, Ala., to a provision which was put in the naval bill 10 days ago and which has become the law. We had a full hearing on the matter in the Naval Affairs Committee a year ago. The Naval Affairs Committee declined to enact the legislation providing for the lease of certain properties of the Government in New Orleans. They would not report it out. Now, 10 days after the conferees have reported and the bill has become a law it becomes known to the public that the House and Senate conferees inserted this provision in the naval bill.

We have had no hearing except the hearing that was held a year ago, in which they declined to do it. Now it has become a law; and the only chance we will have to do anything with the matter is in some way to attempt to get it repealed, by putting a provision on some appropriation bill or otherwise here in the Senate. Whether or not we can do that, I do not know; but it is just what the Senator says—conference-made law.

Mr. BARKLEY. I thank the Senator for his illustration. Of course, somebody, either in the House or in the Senate, failed to make a point of order, which would have undoubtedly been sustained if it had been made in the House.

Mr. President, accepting the statement as true—which I think no man will deny—that it is the policy of both the House and the Senate to confine their conferees to a legitimate and proper adjustment of the differences between the two Houses in writing legislation, I desire to address myself now to the question whether this conference report violates that rule.

The House bill provided that the President shall make an investigation. The very first paragraph of the House provision on the flexible tariff states that the President shall make an investigation as to the difference in the cost of production of any given article in the United States and in any foreign country, and also as to the competitive conditions surrounding the manufacture and sale and distribution of any given article. Of course, the agency at the hands of the President for making the investigation is the Tariff Commission. The Tariff Commission, under the House bill, operating as the agent of the President, makes an investigation and a report to the President. The President can not act until that report is made to him. There is no limitation as to the time within which the commission may make its investigation. After it has made its investigation and has reported back to the President, there is no limitation of time within which he must act upon it. He may never act upon it, in which case the rates then in force, as carried in the act of Congress, remain effective. If he acts upon it, and the conditions change under which either an increase or a decrease was proclaimed by the President, he may nullify his own action by another proclamation terminating the rates fixed by him in the proclamation made, based upon the report of the Tariff Commission.

When the Senate proceeded to consider that part of the tariff bill they wrote into it a provision authorizing the Tariff Commission to make an investigation under certain conditions, either upon its own authority or upon the request of the President. There are four or five conditions, on the application of any interested party, upon which the commission may make its investigation. After that investigation is made, under the provisions of the Senate bill the report is then transmitted to the Congress of the United States, and it may act upon the report by immediate legislation, or it may ignore it by taking no action; and the provision of the Senate bill undertakes to set out the conditions under which Congress may consider a report from the Tariff Commission.

The conference committee have written into this section a provision which robs both the President and the Congress of a part of the jurisdiction conferred upon them by the House and the Senate bills, either separately or taken together. Neither in the House bill nor in the Senate bill is any authority conferred upon the Tariff Commission to fix rates. You may search in vain in the House or Senate bills for any authority conferring upon the Tariff Commission the power to do anything except to make an investigation under certain conditions and make a report to the President or to Congress. In either case either the President must act or Congress must act, and neither of them is limited as to the jurisdiction of their action, except that the President is limited to an increase or decrease of 50 per cent of the rate carried in the bill; but he has no limitation as to time.

Under the amendment brought by the conference committee the Tariff Commission is authorized to make an investigation as to the costs of production at home and abroad. It is authorized to recommend a rate that will, in its judgment, cover the difference in cost of production at home and abroad; and the President of the United States is given 60 days in which to act upon that report. He must act upon it as a whole, as we vote on a conference report. He must approve it or disapprove

it in the same terms in which it is submitted to him by the Tariff Commission.

Under the House language the President may increase any rate or decrease any rate, based upon the report of the commission, by any amount which he may see fit to increase it or decrease it so long as it does not exceed 50 per cent; but under the language of the conference committee's report the President has no jurisdiction, even within that 60 days, to make any increase or any decrease except in the very terms submitted by the Tariff Commission.

Under the language of the Senate, of course, Congress has jurisdiction to provide any increase or any decrease, or no decrease or increase, in the rates carried in the bill. So, in this particular, Mr. President, both the President and the Congress are shorn of their discretion to fix any rate up to 50 per cent above the pending rate or below the pending rate; and to that extent they have taken from the language of both the House and the Senate bills power either of the President or of the Congress of the United States to deal with this subject.

If the conference committee have no power to add new language and new provisions not carried in either a House or a Senate bill, certainly they have no power to eliminate from either bill power that is contained in either one; and that is what they have done by taking from the President in the one instance the jurisdiction to increase or decrease a rate by any amount which he sees fit up to 50 per cent, and taking from Congress altogether the power to deal with it.

That is not the worst part of this provision. If, at the end of 60 days, the President has not exercised the little modicum of rubber-stamp power left in him either to approve or to disapprove the report of the Tariff Commission, without the power to change a single sentence or a single provision or recommendation in it, at the end of that 60-day period the commission is authorized by the conference report to put into effect the rate which it has recommended, and to issue a proclamation to that effect.

There is not a line nor a syllable nor a suggestion in the House bill that authorizes the Tariff Commission to fix rates. There is not a line in the House bill that even suggests that any action taken by the Tariff Commission shall be final. When its report has been made to the President, under the House bill, its work is over. When, under the Senate bill, the report of the Tariff Commission is made to the Congress of the United States, its work is over. But under the provisions of this conference report the Tariff Commission is authorized to report certain facts to the President, authorized to make a definite and specific recommendation as to a rate of increase or decrease, and the President can only say "yes" or "no" to that. He can not change it, or exercise any judgment or discretion whatever in passing upon it. If, at the end of 60 days, he has said neither "yes" or "no," then the Tariff Commission is authorized to do what neither the House nor the Senate bill even suggested that it might do: It is authorized to legislate. It is authorized to substitute its own judgment for that of the President and that of the Congress of the United States, and issue a proclamation putting its recommendations into effect as the law of the United States in the taxation of the American people.

There is another vicious element in this amendment as brought in by the conference committee. Under the House bill, the President might change the rate after he had increased it or reduced it. He might wipe out his increase or his decrease, on the theory that the conditions under which he proclaimed them have changed. Of course, Congress could do the same thing by legislation. There is no power that could limit Congress in changing a rate of tariff if it should see fit to change it; but, under the provisions of this conference report, when the Tariff Commission has once proclaimed at the end of a 60-day period that a rate shall be increased, it is not given the power even to reduce that rate again, although the conditions may have totally changed since its proclamation.

Mr. President, this is fundamental not only as to the question of order but it involves a fundamental question in the structure of the American Government. By this amendment and by this conference report we are conferring upon six men not responsible to the people the power of life or death over industry, the power to bring prosperity or poverty to industry or to the people of our country. No legislative review is provided for in this measure by which either Congress or the President at the end of 60 days may review the action of the Tariff Commission, or do anything except criticize it, or, in the remote possibility, bring in another tariff bill to change the rates which have been fixed by the Tariff Commission.

Congress passed a bill upon the subject of immigration where the House fixed July 1, 1916, as the date when the measure should go into effect, and the Senate fixed May 1, 1917. The conference committee went out and wrote a provision that the measure should take effect on July 1, 1917. That conference report was held out of order because the conference committee had no power to go beyond May 1, 1917, or to provide an earlier date than July 1, 1916.

If this conference report is in order, if the conferees have the power to give the Tariff Commission, after 60 days, the right to legislate and tax the American people without the right of appeal, they have the power to eliminate the President altogether and say that the Tariff Commission on its own motion may make such investigation as they may see fit, and put into effect either increases or decreases in the tariff rates to take effect at once upon the completion of their investigation.

If the conferees have the right in this respect to write into the law power not conferred upon the Tariff Commission, or dreamed of by either House of Congress, then they have the power to wipe out all the language of both provisions and write an entirely new section authorizing the Tariff Commission to be the legislative body of the Nation, and, for all time in the future, to switch the tariff rates as they may see fit to do so.

The only limitation in this conference report upon the Tariff Commission is that they can not act for 60 days and that they can not go beyond an increase or decrease of 50 per cent. The Senate eliminated altogether action by the President, and, therefore, the 50 per cent provision in the present law limits the President to 50 per cent. The House bill limits the President to 50 per cent, but if the conference committee can confer upon the Tariff Commission legislative power—which this is—if they can make of the President of the United States a mere rubber stamp, to say, "yes" or "no" or, in the case of inaction on his part, convert the Tariff Commission into a tariff-making body, then they have the power to eliminate the rates provided in the House bill and authorize the Tariff Commission to make any increase or decrease it may see fit to make.

Mr. President, it seems to me perfectly clear that the conference committee have gone beyond their jurisdiction. They have conferred upon the Tariff Commission authority contained in neither the House nor the Senate bill. They have authorized it to exercise functions which were never conceived of by either House of Congress, either in the present law or in either of the bills passed at this session of Congress.

If that has been done, as I most sincerely submit to the Chair it has been, then the conference committee report is irregular, because it contains legislation not provided in either bill, confers authority not conferred by either the House or the Senate, and, therefore, is vicious.

I submit the matter to the President of the Senate.

Mr. WATSON obtained the floor.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Nebraska?

Mr. WATSON. I yield.

Mr. NORRIS. During the last campaign Mr. Hoover had no more ardent supporters anywhere than the various newspapers under the control of the Scripps-Howard organization, so that the editorial I am going to ask to have the clerk read comes from a friendly source.

In to-day's Washington News appears an editorial directed to the President of the United States entitled "Lest You—or We—Forget, Mr. President." I ask that the clerk read the editorial.

There being no objection, the Chief Clerk read the editorial, as follows:

[From the News, Washington, D. C., May 27, 1930]

LEST YOU—OR WE—FORGET, MR. PRESIDENT

(An editorial addressed to Herbert Hoover)

Passage by Congress of the Hawley-Smoot tariff bill threatens the country. If this occurs, your veto becomes the sole hope of relief from a measure which our foremost industrialists and economists declare strikes at the very heart of our industry and our prosperity.

In the opinion of this newspaper, as clear an expression as ever uttered on the relation of mass production and foreign trade to American prosperity was spoken by you during your campaign for the Presidency. Your own utterances, we believe, constitute a complete indictment against this tariff bill. Therefore, we herewith take the liberty of quoting from your Newark, N. J., address of September 17, 1928, and your Boston speech of October 15, the same year:

"A continued surplus," you said, "of unemployed workers means decreasing wages, increasing hours, and fear for the future. To protect labor, to maintain its prosperity, to abolish poverty, we must so organize our economic system as to provide a job for all who have the will to work. * * *

"Behind every job is a vast, intricate, and delicately adjusted system of interlocked industries dependent upon skilled leadership and upon finding a market for their products at home or in foreign lands. The forces of credit, communications, transportation, power, foreign relations, and what not, must all be kept in tune if steady employment is to be

assured. A failure in any part imposes a penalty upon labor through unemployment. Break this chain or relationship at any point and the whole machine is thrown out of order. * * * Cease exporting automobiles to South America or Europe, and automobile workers are thrown out of employment in Michigan. The suffering does not stop there. It only begins. The steel mills slacken in Pennsylvania and Indiana. The mines employ fewer workers at Lake Superior. And every farmer in the United States suffers from the diminished purchasing power and enforced stringency in thousands of homes.

"More than 2,000,000 families in the United States earn their living in the manufacture of raw materials which we import in exchange for our exports. * * *

"To-day the whole Nation has more profound reason for solicitude in the promotion of our foreign trade than ever before. As a result of our inventive genius and the pressure of high wages, we have led the world in substituting machines for hand labor. This together with able leadership and skilled workers enables us to produce goods much in excess of our needs. * * * We have increased our production approximately 30 per cent during the last eight years, while our population has increased only about 10 per cent. Much of this increase of production has been absorbed in higher standards of living, but the surplus grows with this unceasing improvement. To insure continuous employment and maintain our wages we must find a profitable market for the surplus. We attain stability * * * by the number of different customers we supply. * * * Consequently our industries will gain in stability the wider we spread our trade with foreign countries. This additional security reflects itself in the home of every worker and every farmer in our country.

"The expansion of export trade has a vital importance in still another direction. The goods we export contribute to the purchase from foreign countries of the goods and raw materials which we can not ourselves produce. We might survive as a nation though on lower standards and wages, if we had to suppress the 9 per cent or 10 per cent of our total production which is now sold abroad. But our whole standard of life would be paralyzed and much of the joy of living destroyed if we were denied sufficient imports. * * *

"Foreign trade thrives only in peace. But more than that, it thrives only with maintained good will and mutual interest with other nations."

That was the picture you drew in 1928. What of 1930?

The Hawley-Smoot tariff has not even yet been passed. So far we have not suffered from its substance. Yet its mere shadow, cast before the coming event, has sufficed to smite American export trade and American prosperity with a withering blight.

Factories that were humming in 1928 are idle to-day. Hundreds of thousands of men who were employed at high wages then are out of work now. Forces that were leading toward a millennium in the fall of 1928 have faltered. And the very leaders of that benign industrial evolution are now crying for relief. Why? Because foreign trade—that great governor, that great balance wheel to which you referred—has stripped its gears.

Great Britain, France, Switzerland, the Argentine—over 30 of the nations of the world are rising against us with actions in reprisal against the proposed tariff. The "maintained good will," the "mutual interest with other nations" of which you spoke a year and seven months ago are fading fast. It is therefore with dark concern and wonder as to its possible prophetic character that we read a passage wherein you said: "The whole structure of our advancing civilization would crumble and the great mass of mankind would travel backward if the foreign trade of the world were to cease."

We are appreciative of the fact that in those same speeches you discussed and defended the principle of the protective tariff—that you specifically contended the right kind of a protective tariff to be not inconsistent with the expansion of foreign trade. With that position and that principle we have no quarrel. But we are convinced that the kind of tariff now before us is not in accord with the principle you then expounded.

As proof we point to what is going on to-day in the chancelleries of the world and to the declarations of such domestic leaders of economic thought as the 1,000 who recently addressed to Washington their earnest protest—to Henry Ford, to Alfred Sloan, to all of those practical exponents of the mass production which you yourself so eloquently eulogized as America's greatest contribution to a better and a finer world.

Mr. President, in order that the vision which you pictured in 1928—the vision of poverty abolished—may ultimately come true, kill by your veto the Hawley-Smoot monstrosity when it comes to you from Congress.

Such words as those of yours, such vision as Herbert Hoover, the candidate, displayed were what elected you. The election threw you into the maelstrom of practical politics, and out of the maelstrom the tariff bill will soon emerge. It is of politics, for politicians, and by politicians. It is not of the people, by the people, or for the people.

No one knows better than you that it was the people, not the politicians, who forced your nomination against the wishes of the party fat fryers. Your duty runs not to those political agents of incompetent industries that can not survive except by a special Government tax on the consuming public. It runs to the whole public directly, to the public that nominated you, to the public that responded with its votes in 1928 to the views of Herbert Hoover, the economist and the statesman, not Herbert Hoover, the politician.

No President ever faced a greater opportunity or a greater responsibility. The veto power of the President was not provided for by accident. It exists primarily for just such situations as the present one. It exists to enable the President, who is the Chief Executive of all the people, to safeguard them from legislation conceived in the interest of stupid or selfish politicians bent upon advancing their own interests at the expense of the general good.

Mr. President, your theories in 1928 were sound. They are sound now. The words you spoke then call for action to-day. Prepare to veto the tariff bill and save American prosperity.

Mr. SMOOT. Mr. President——

Mr. WATSON. I yield to the Senator from Utah.

Mr. SMOOT. I do not think the American people will be much alarmed over articles of that kind. I was in the Senate when the tariff acts were considered by the Congress in 1909, in 1913, and in 1922. The protests then made were just the same. The protests against all of those bills were the same. Foreign countries protested then just as they are protesting now. If Senators will look back, they will find that the protests were almost word for word when those bills were under consideration, particularly in 1909 and in 1922, the same as they are now. I am not objecting to that at all.

Mr. ROBINSON of Arkansas. Mr. President, does not the Senator feel that the protests were justified?

Mr. SMOOT. No; I do not, any more than they are justified now.

Mr. ROBINSON of Arkansas. The Senator doubts the justice of those statements?

Mr. SMOOT. Why, certainly, I do; just as I doubted them in 1909 and 1922. They come from the same sources. Every importer, of course, has his objections; foreign countries have their objections; and yet there is not a foreign country which is objecting now to the rates that does not have higher rates against the United States than we have against them.

Mr. ROBINSON of Arkansas. Yes; the Senator has heard protests against tariff bills before, and he has soothed the public feeling with the same old salve that he is using to-day.

Mr. SMOOT. The salve to-day is better even than it was in 1909 or in 1922.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. The Senator from Indiana has the floor. Does he yield to the Senator from Nebraska?

Mr. NORRIS. I want to ask the Senator from Utah a question.

Mr. WATSON. The Senator from Utah has left the Chamber. The Senator from Nebraska may follow him outside and ask him there.

Mr. NORRIS. Of course, that is another illustration, I will say to my friend from Indiana, which demonstrates very well the situation with reference to the tariff bill. When somebody wants to ask the Senator from Utah a question he goes out of the Chamber. I do not blame him. If I had resting upon me the burdens which are resting upon him, I would go outside, too.

Mr. WATSON. Mr. President, I permitted my friend from Nebraska to have 15 minutes of time to have an editorial read, and I think that ought to satisfy him.

The VICE PRESIDENT. The Senator from Indiana declines to yield further.

Mr. WATSON. Mr. President, I shall take only three or four minutes on the parliamentary situation. I do not think I need longer address one who is so skilled in the interpretation of parliamentary law.

The question is whether or not the conferees on the part of the House and the Senate exceeded their authority when they brought in the flexible provision which is now before us for our consideration. The Senator from Kentucky [Mr. BARKLEY] well quotes the general law, which is that as between the two Houses we can effect a compromise in conference; that is to say, if the House were to provide a rate of 50 cents a bushel on apples and the Senate were to provide a rate of $1 a bushel on apples, the conferees would be confined between the two; they could not go below 50 cents and they could not go above $1. But here is an entirely different situation presented for the consideration of the Vice President.

The House bill provides that after the Tariff Commission has made findings it shall refer the findings to the President. The Senate bill provides that after the Tariff Commission has made findings it shall refer them to the Congress. What is the middle ground of compromise? There is none. According to the logic of my good friend from Kentucky [Mr. BARKLEY], there must of necessity remain a deadlock. We must have

either the House provision or the Senate provision or no provision. I maintain that we have taken a middle ground, and I can tell the Vice President in a few words where it is.

The House bill provides that the Tariff Commission and the President may do the work required of them—that is to say, the Tariff Commission makes an investigation and reports to the President, and the two together can raise or lower rates 50 per cent either way.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Kentucky?

Mr. WATSON. Will the Senator please wait until I have concluded my explanation?

The Senate bill provides that the Tariff Commission may still make its investigations just as under the present law, just as provided in the House bill, except that its report is referred to the Congress instead of to the President.

The compromise which we have presented provides that the Tariff Commission still makes the investigations—and that is no change; that it shall refer the matter to the President—and that is no change from the House bill; and that the President may either sign it or veto it. In other words—just a moment aside from the parliamentary situation, and I mention it only because it may throw light upon and elucidate the principle which we had in mind—the object of the conference report is to make of the Tariff Commission a legislative agent of the Congress, just as we made an agent of the Interstate Commerce Commission to fix railroad rates. Rate fixing is purely a legislative function of the Government, but Congress, by its inherent nature and by reason of the complexity of the subject involved, could not fix rates. Therefore we provided a commission to fix railroad rates. Now, we propose to provide a commission to fix tariff rates just as we provided a commission to fix railroad rates in interstate commerce.

Mr. BARKLEY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Kentucky?

Mr. WATSON. Yes; I yield.

Mr. BARKLEY. The Senator will admit that in neither the House bill nor the Senate bill was there any provision authorizing the Tariff Commission to fix rates?

Mr. WATSON. I think that does not make any difference.

Mr. BARKLEY. That is true, is it not?

Mr. WATSON. Yes; that is true. It is to fix rates. We make of this commission the same sort of legislative agency that we made of the Interstate Commerce Commission.

Mr. BARKLEY. But that was not done in either the House or Senate bill.

Mr. WATSON. I maintain that makes no difference, because the Tariff Commission still operates, and the matter is still in the hands of the Tariff Commission. It is there under the present law; it is there in the House bill; it is there in the Senate bill; and it is there in the conference report. The Tariff Commission still operates.

Mr. SWANSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Virginia?

Mr. WATSON. I would like to finish my statement first, but I will yield.

Mr. SWANSON. I think from the Senator's own confession, if it may be so termed, this is subject to the point of order. The point of order is made that new matter has been injected in the conference report and that it is not a compromise. The conferees can make any kind of compromise, but if they inject new matter, new legislation, new ideas in the compromise, then it is subject to the point of order.

Mr. WATSON. To which I do not agree.

Mr. SWANSON. According to the Senator's own statement, the Tariff Commission had no power and no authority to make its rates operative.

Mr. WATSON. I will answer that when the Senator is through. Is the Senator through?

Mr. SWANSON. No; I am not.

Mr. WATSON. Very well; go ahead.

Mr. SWANSON. I would like to hear the Senator's explanation of this proposition.

Mr. WATSON. I am going to make it, but the Senator will not give me a chance.

Mr. SWANSON. Let me finish my statement. Under the House provision the rates were to go to the President and the President would make them operative. Under the Senate provision they were to go to Congress and Congress would make them operative.

Mr. WATSON. That is right.

Mr. SWANSON. In other words, neither one gave to the commission the power to make the rates operative. What we contend is that the conferees have inserted new matter. It is not a compromise at all. The rule of the Senate is that no proposal or matter which did not exist between the House and the Senate can be put into the conference report. Many matters have been compromised in conference, but the rule is that no new matter can be injected by the conferees. We protest because, as the Senator has said by his own confession and statement, the conferees have made of the Tariff Commission a legislative body, which was not done in either the Senate amendment nor in the House provision.

Mr. WATSON. Mr. President, I think the Senator has not said anything that everybody does not know and that everybody is not willing to admit and was willing to admit in the beginning. What I maintain is that the Tariff Commission under the present law has the right to recommend rates, that the Tariff Commission under the House bill has the right to recommend rates, that the Tariff Commission under the Senate amendment has the right to recommend rates, and that the Tariff Commission under the compromise has the right to recommend rates. In one instance the rates are sent to the Congress, in another instance to the President, and in the compromise it is proposed that they be sent to the President. The President may or may not act. The only authority he has to act is either to sign or veto, just as he does with legislative enactment; that is all. He either signs or vetoes. If he takes no action, the rates become effective within a 60-day period without his action and upon the report of the Tariff Commission itself.

Mr. President, we could not have compromised the two propositions in terms. It could not be done. We have chosen what I think is within the purview of our authority, the general scope of the entire subject, the wise adjustment of the difference between the two Houses. In other words, we make of the Tariff Commission in a sense a legislative agent to act for us, and it acts for us along well-defined lines and within well-defined and fixed limits. That is precisely what the Tariff Commission does under the present law—it is what it did before, and it is what we provided in the Senate amendment.

The mere fact that the conference report incorporates new matter, as my friend from Virginia is pleased to term it, does not change our authority to put it in the compromise. New matter? What is new matter and what is not? According to my friend from Kentucky and my friend from Virginia, we could not have any compromise, but we are bound to have a deadlock, because the Tariff Commission in the one instance refers the matter to the Congress and in the other instance to the President. How can there be a modification of those two proposals? We chose to compromise—and, I think, the compromise reached was well within our authority—by making the Tariff Commission practically the agent of the Congress of the United States in the fixation of rates within certain limits. I think the action of the conferees is clearly within the rule.

Mr. BARKLEY. Mr. President, will the Senator yield there?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Kentucky?

Mr. WATSON. I yield the floor.

Mr. BARKLEY. I do not want to make another speech, but I should like to call attention to a fact, in the Senator's time. A compromise is supposed to be an approach by two parties—in this case the House and the Senate—along lines traveled by either one or both. If I am standing here at the end of this desk [indicating] and the Senator is standing over there [indicating], and we are trying to get together, we may approach each other and meet somewhere in the center; but if both of us start away around here [indicating] and meet over yonder [indicating] in a territory that neither has occupied, that is not a compromise; it certainly is not a parliamentary or legal compromise; and that, according to the contention I make, is what the conferees have done in this case.

Mr. SWANSON. Mr. President——

The VICE PRESIDENT. The Chair recognizes the Senator from Virginia, but the Chair will state that he is ready to rule. He is willing, however, to hear any Senator who has anything to say on the subject.

Mr. SWANSON. Mr. President, I desire to make another point of order. The Senator from Indiana says that the provision in the conference report gives legislative power to the Tariff Commission; he used substantially that language; and I say, under the Constitution, if the conference report does that a point of order will lie against it. The Congress can give administrative power to the Tariff Commission; it can give executive power——

Mr. WATSON. Oh, no.

Mr. SWANSON. But I deny that the Congress can bestow legislative power upon any agency, and in support of that contention I refer to decisions of the Supreme Court and the decisions of every State court in the Union.

Mr. WATSON. That is just what we have done in the case of the Interstate Commerce Commission.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Virginia permit me to ask the Senator from Indiana a question?

Mr. SWANSON. Yes.

Mr. ROBINSON of Arkansas. Does the Senator from Indiana maintain that the flexible provisions in the bill under the report now under consideration do confer legislative power on the Tariff Commission?

Mr. WATSON. Not legislative power but the power to fix rates.

Mr. ROBINSON of Arkansas. Oh, well, that is another matter.

Mr. WATSON. The Senator from Virginia is taking a side expression that I used inadvertently.

Mr. ROBINSON of Arkansas. But does the Senator repeat the statement, which I understand he did make, that the power to fix rates is legislative?

Mr. WATSON. It is, is it not? Does the Senator say it is not?

Mr. ROBINSON of Arkansas. And that the bill as agreed to in conference confers on the commission a legislative power.

Mr. WATSON. It confers the right to fix rates within certain limits, which is a legislative power, just as we have conferred on the Interstate Commerce Commission the right to fix railroad rates, which also is a legislative power.

Mr. SWANSON. Mr. President, the Supreme Court has decided that Congress can not delegate to any other body its legislative power. It has allowed the Interstate Commerce Commission to exercise administrative power in carrying out the directions of Congress in fixing rates; but there is not a decision of a State court, as there is not a decision of the Supreme Court of the United States, which does not distinctly say that legislative power belongs to the legislative body and can not be delegated.

The Senator says that the power proposed to be conferred upon the Tariff Commission is legislative power, and he is right. The conference-report provision merely transfers to the Tariff Commission a power possessed by Congress and allows that commission to fix tariff rates.

Mr. BARKLEY and Mr. WATSON addressed the Chair.

The VICE PRESIDENT. Does the Senator from Virginia yield; and if so, to whom?

Mr. SWANSON. I will not yield for a few moments. The Senator from Indiana says the provision as agreed to in conference confers legislative power upon the Tariff Commission. If it does, it is subject to a point of order under the Constitution, because that can not be done.

Second, I make the point of order that there was no difference between the House and the Senate as to giving the Tariff Commission the right to fix rates, and making it a legislative body; and that question not being in conference, the provision in the conference report constitutes absolutely new matter, which the conferees had no right to bring in by way of compromise. If they can do that, then they can by way of compromise bring in a new proposition entirely, which is not in difference between the two Houses, as has been done in this instance by creating a legislative body out of a body that was merely a fact-finding commission. If that can be done, then there is no limit to compromises which may be reached in conference.

Mr. BORAH and Mr. WALSH of Montana addressed the Chair.

The VICE PRESIDENT. The Senator from Idaho is recognized.

Mr. BORAH. I merely wish to ask the Senator from Indiana a question. I just came into the Chamber. Do I understand the Senator from Indiana admits that the conferees——

Mr. WATSON. I do not admit; I state.

Mr BORAH. Well, I should think it would be an admission concerning the subject under discussion.

Mr. WATSON. An admission is something which is wormed out of a person; I have not had anything wormed out of me.

Mr. BORAH. An admission also implies that some one has done something wrong.

Mr. WATSON. I have not done anything wrong, and, therefore, the word "admission" does not apply.

Mr. ROBINSON of Arkansas. We are not so sure of that.

Mr. BORAH. Do I understand, then, that the Senator confesses——

Mr. WATSON. I confess——

Mr. BORAH. That the conferees have delegated legislative power to the Tariff Commission?

Mr. WATSON. The conferees have reposed in the commission the right to fix rates within certain limits.

Mr. BORAH. Does the Senator regard that as legislative power?

Mr. WATSON. I do. If the Senator will listen a minute, I will tell him what I mean. Is it legislative power or not to fix railroad rates? Is not the fixing of railroad rates a legislative function? And did we not confer that power on the Interstate Commerce Commission?

Mr. BORAH. Yes.

Mr. WATSON. Certainly. What about that? Is there anything unconstitutional about it? The conferees have done in the case of the Tariff Commission exactly what Congress has done in the case of the Interstate Commerce Commission in connection with the fixing of railroad rates; we have given to the Tariff Commission the right to fix tariff rates within certain limits; that is all there is to it.

Mr. SMOOT. Mr. President, may I suggest to the Senator from Idaho that there is a limitation beyond which the Tariff Commission can not go? It can not increase or decrease any tariff rate more than 50 per cent above or below the rate fixed by Congress.

Mr. BORAH. So far as the constitutional question is concerned, that does not make any difference.

Mr. SMOOT. I am simply saying that is the only power that is conferred upon the Tariff Commission.

Mr. BORAH. Exactly. But we are discussing now the delegation of legislative power to the commission. If the Senator from Indiana can furnish no other precedent than that of the Interstate Commerce Commission, we will deal with that later; but I understand he admits, or rather declares, that the conference report does delegate legislative power to the Tariff Commission, and that it was the intention of the conferees so to delegate legislative power?

Mr. SHORTRIDGE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from California?

Mr. BORAH. I yield.

Mr. SHORTRIDGE. I do not know how far the admission or statement of the Senator from Indiana has gone or goes, but I hold myself ready and able to point out, as I shall do at the proper time, that in a constitutional sense there is no delegation of legislative power in the conference report flexible tariff provision.

Mr. WATSON. There is no delegation of such power; no.

Mr. SHORTRIDGE. And I will defend that position by certain decisions of the Supreme Court of the United States and, if the Senator will permit me, I shall rely very largely upon the decision in the case of Field against Clark, reported in One hundred and forty-third United States Reports, beginning at page 649.

Mr. BORAH. Mr. President, the Supreme Court in the Field case specifically held that Congress can not delegate legislative power.

Mr. SHORTRIDGE. Certainly they did.

Mr. BORAH. As I understand, the Senator from Indiana says that the conferees have undertaken to delegate legislative power to the Tariff Commission.

Mr. WATSON. Not to delegate it in a constitutional sense.

Mr. BORAH. In any sense. What is it, if it is not in a constitutional sense?

Mr. WATSON. The provision in the conference report proposes to confer upon the Tariff Commission the right to fix rates within certain limits. I presume the Senator is familiar with the decision of the Supreme Court in the case involving the flexible provision of the existing law, in which that provision was decided to be constitutional because it was fixed and definite along certain lines.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. WATSON. Wait a moment.

Mr. BARKLEY. I want to ask the Senator a question in connection with the suggestion he has just made.

Mr. WATSON. I am now trying to answer the Senator from Idaho.

The VICE PRESIDENT. The Senator from Idaho has the floor.

Mr. WATSON. In the provision in the conference report there is conferred upon the Tariff Commission the right to fix rates within the 50 per cent limit, the finding of the Tariff Commission to be reported to the President, and he may do with it just as he pleases, just as he does with a legislative enactment; he may either sign it or veto it or he may let it alone, in which event it becomes a law without his signature.

Mr. BORAH. If the President does not choose to act——

Mr. WATSON. Then the decision of the commission becomes final.

Mr. BORAH. Yes; then the decision of the Tariff Commission becomes final, and it becomes a part of the law of the land, just the same as if we should pass a bill establishing rates. The act is legislative, therefore, in the sense of the Constitution, just the same as if the Congress were to legislate to establish a rate.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Arkansas?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. That point is emphasized and strengthened by the fact, as stated by the Senator from Indiana, that the President in this provision is given the power to veto the findings and recommendations of the Tariff Commission after the commission has conformed to the rule fixed by Congress for the making of rates within its jurisdiction.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. The Senator from Montana is recognized.

Mr. WALSH of Montana. Mr. President, the remarks of the distinguished Senator from Indiana have served to emphasize the point which I desire to make in support of the point of order raised by the Senator from Kentucky. For many years the suggestion has been argued and advanced that Congress ought to create a Tariff Commission with power to fix rates of duty upon imported articles in substantially the same manner as the Interstate Commerce Commission is authorized to fix rates for transportation upon the railroads. Many different proposals concerning the creation of a Tariff Commission, and the particular powers which ought to be reposed in such a commission, have from time to time been advanced. The suggestion, however, that a commission should be created which should have power to fix rates of duty on imported articles, although advocated for a number of years back, at least by the United States Chamber of Commerce, has never been seriously entertained by either branch of the Congress of the United States.

It was, I remember, very distinctly championed by a former Senator from the State of Indiana, the late Senator Beveridge, and my recollection is that at that time it had no more strenuous antagonist in either branch of Congress than the Senator from Indiana [Mr. WATSON], who has just advocated the proposal. It has never been seriously debated in either branch of Congress; the Congress of the United States has heretofore never seriously entertained granting any such power to any Tariff Commission; and yet, Mr. President, this is a proposal by means of a conference report to enact that kind of a proposition into law.

I could, I am sure, easily recall resolution after resolution of the Chamber of Commerce of the United States advocating a proposal of that character; I had some correspondence upon the subject something like a year ago, but I assert that the advisability of thus reposing such a power in the Tariff Commission, it not even having been the subject of debate in this body when the present measure was under consideration, ought not and can not under our rules now be injected into this proposed act under the plain provisions of subdivision 2 of Rule XXVII, as follows:

> Conferees shall not insert in their report matter not committed to them by either House, nor shall they strike from the bill matter agreed to by both Houses.

Neither House has undertaken to repose in the Tariff Commission any such power.

Mr. SHORTRIDGE. Mr. President, will the Senator from Montana permit me to interrupt him?

Mr. WALSH of Montana. I yield to the Senator from California.

Mr. SHORTRIDGE. The House bill contained a so-called flexible provision.

Mr. WALSH of Montana. Yes; I have it before me.

Mr. SHORTRIDGE. The Senate amended it by incorporating a different so-called flexible provision.

Mr. WALSH of Montana. Yes; I also have that before me.

Mr. SHORTRIDGE. It is suggested and I think that within the two provisions the conferees were authorized under the rules to submit what is now before the Senate.

Mr. WALSH of Montana. I supposed, of course, that was the view of the Senator; but that does not affect the situation that a radical change from both has been proposed here—a change which embraces an entirely different theory with respect to this matter.

Mr. SHORTRIDGE. That, of course, is a matter of argument.

Mr. WALSH of Montana. Under the provisions of both Houses, the Tariff Commission was made a mere instrument for the purpose of assembling facts. It was given no power whatever to fix rates, either provisionally or otherwise. Under the House provision, the President was authorized to investigate the differences in the cost of production at home and abroad, and to fix the rate at such a figure as would thus equalize the difference in the cost of production. He was not to do so until after the commission had caused an investigation to be made.

The commission was not even authorized to report any findings nor to make any recommendation concerning rates, although it might possibly do so outside of the statute; but the President was authorized entirely to disregard whatever findings the commission might make. He might prosecute an investigation upon his own account, supplemental to that of the commission; and he could entirely disregard their findings and make his own findings. In other words, the whole power to fix the rates was in the President of the United States.

Under the Senate provision, the commission was to inquire into the matter, to prosecute the investigation into the facts, and make the report to Congress, and Congress was to fix the rates. Now we have an entirely new system introduced here. The power is given neither to the Congress nor to the President of the United States, but the power to fix rates is given to the commission itself.

Who is there who can assert that such a change as that is not the introduction of entirely different matter? It introduces, I assert, an entirely different theory of the regulation of rates through the activity or interposition of the Tariff Commission. I have no doubt that a search of the RECORD, if time permitted, would disclose the active opposition of the Senator from Indiana [Mr. WATSON], when he was a Member of the House, to that proposal of another Representative from his State of somewhat distinguished reputation.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Idaho?

Mr. WALSH of Montana. I do.

Mr. BORAH. May I say also that if the RECORD were examined it would be shown that in the House in the debates on this bill, and in the Senate in the debates, it was asserted that there was no intention to grant any legislative power at all upon this subject. Now, the conferees come in with a conference report which, they say, has the specific purpose of granting legislative power.

Mr. SHORTRIDGE and Mr. WATSON addressed the Chair.

The VICE PRESIDENT. The Senator from Montana has the floor. To whom does he yield?

Mr. WALSH of Montana. I yield to the Senator from California.

Mr. SHORTRIDGE. Once more I dissent. I deny that there is an intentional or unintentional delegation of legislative power, speaking in legal language.

Mr. BORAH. Of course, I am intending to speak in legal language.

Mr. SHORTRIDGE. I am, too; but I was merely dissenting from the remark made by my friend from Indiana, and I insist that there is not, technically speaking or constitutionally speaking, any delegation of legislative power to the commission or to the President.

Mr. WATSON. Mr. President——

Mr. WALSH of Montana. I yield to the Senator from Indiana.

Mr. WATSON. Suppose the Senator from Indiana inadvertently, in the heat of debate, made the statement that there was a delegation of legislative power. Suppose that that is not true. Does the Senator say that what we have actually put in the flexible provision in language is unconstitutional, or that we have no right to do it?

Mr. WALSH of Montana. No; I do not say so at all. The Senator has either mistaken the drift of my argument or he is endeavoring to divert attention from it.

Mr. WATSON. No; there were so many Senators talking to me that I did not hear what the Senator said.

Mr. WALSH of Montana. I offered nothing of the kind at all. I am not questioning the constitutionality of it. I am arguing that the conferees have introduced an entirely different system of the regulation of rates, taking the power from either the President or the Congress, upon whom it was conferred by the House bill in the one case and by the Senate bill in the other, and reposing the power in an entirely different governmental agency.

Mr. BRATTON and Mr. WATSON addressed the Chair.

The VICE PRESIDENT. Does the Senator from Montana yield; and if so, to whom?

Mr. WALSH of Montana. I yield to the Senator from New Mexico.

Mr. BRATTON. I desire to ask the Senator from Indiana a question, if I may do so.

Clearly, this provision does create a new method of putting a rate into effect. Would the Senator contend that under the guise of compromise the conferees might have provided that the Tariff Commission should report to a joint committee of Congress, and that that committee should issue a proclamation which would put the rate into effect?

Mr. WATSON. No; I do not think so. I would not say that.

Mr. BRATTON. Why not?

Mr. WATSON. I would not say that, because that leaves Congress out of it—both Houses of Congress. Congress can not act in joint capacity through its joint committees. The proposition goes back to the Ways and Means Committee of the House first, and then to the House, and then to the Senate, because it is raising revenue; but I want to say this to the Senator from Montana, if he will pardon me, while I am on my feet:

I undertook to say a while ago that so far as the system was concerned, we do not in reality introduce a new system.

Mr. WALSH of Montana. The Senator must have misunderstood me if he understood me to assert anything of the kind, because my contention is that the conferees have introduced an entirely new system.

Mr. WATSON. That is what I am trying to controvert. That is to say, we still use the Tariff Commission as the agency, do we not, and the matter is still referred to the President, just as in the existing law and just as in the House bill? In the one instance the Tariff Commission makes a recommendation to the President, and the President has the right to act on that recommendation, either raising it 50 per cent or decreasing it 50 per cent. That is right, is it not?

Mr. WALSH of Montana. Under your provision?

Mr. WATSON. No; under the House provision. Now, we still use the Tariff Commission and still use the President, but we confer upon the commission the right originally to fix the rate within a given limit.

Mr. WALSH of Montana. Yes; but you confer upon the commission more power than either House was willing to give to it.

Mr. WATSON. I do not think so.

Mr. WALSH of Montana. I will try to demonstrate it.

Mr. WATSON. What we are trying to do is to do it. We may not be able to do it, but we are willing to do it if we can.

Mr. BARKLEY. Mr. President, will the Senator yield there?

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Kentucky?

Mr. WALSH of Montana. I do.

Mr. BARKLEY. What really was the object of the conferees in retaining the President in this situation at all? All he can do in 60 days is to approve or disapprove precisely what the commission recommends, and if he does not do it at the end of 60 days they do it. Why did you not eliminate him altogether, because you make a rubber stamp of him?

Mr. ROBINSON of Arkansas. Not quite, with the permission of the Senator from Montana.

Mr. WALSH of Montana. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. After having fixed, as they claim, the rule by which rates shall be determined, they give the President the power to nullify the rule, in which event there is no way to make the rates effective. The President exercises legislative power, according to the declaration of the Senator from Indiana, and he exercises it in fact. The theory upon which commissions are permitted to fix rates is that the Congress defines the rule for their action. The Interstate Commerce Commission's action is not subject to veto by the President.

The mere employment of the term "veto," and the recognition of the right of the President to exercise that power, is a recognition of the fact that it is a legislative duty.

Mr. BARKLEY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Kentucky?

Mr. WALSH of Montana. I yield.

Mr. BARKLEY. The question as to the constitutionality of an act of Congress conferring upon either the President or the Tariff Commission or any other commission the power to fix rates is not necessarily involved in this point of order. The constitutionality of a law which we may pass is something upon which the courts may pass. Regardless of its constitutionality, however, and admitting its constitutionality, my contention is, and the point of order which I have made is, that neither House by any stretch of the imagination intended to nor did confer any such power upon the commission; and the injection of it here at the hands of a conference committee is beyond the rules and in violation of the rules of this body, and, if it is to be adopted as the practice of the Senate, makes it utterly impossible for the Senate to know, when it is considering a bill on its merits, what may be brought in in a conference report.

Mr. WALSH of Montana. Mr. President, as an introduction to what little I have to say in addition to what I have said with respect to this matter, I desire to say that I have not raised any constitutional question at all here. I have not undertaken to raise the question as to whether this particular provision is or is not constitutional. I prefer at this time not to express any opinion at all upon that subject. The point of difference may be perhaps made clear in another way, although it amounts to exactly the same thing.

Under the House provision, the power to make the investigation was given to the President. He could call to his aid, and was required to call to his aid, the Tariff Commission in making the investigation; but the power to fix the rates was in the President, and he could accept the suggestion of the commission if it made one, or he could disregard it and make some other rate. Those were his powers under that provision. The commission, however, was empowered only to investigate and report whatever findings it might care to make.

In the Senate provision the commission was given exactly the same powers. It was empowered to conduct the investigation and report to the Senate its findings. It had no power under either the House bill or the Senate bill to fix rates, as does the Interstate Commerce Commission. Now, certainly, these powers of the President are taken away.

Under the Senate provision he simply reported to the Congress the conclusions of the commission, with the testimony taken, and the recommendation, if it cared to make any recommendation. That was less than the power given by the House bill. Under the House bill he was given the power to fix the rates. This so-called compromise, the conference-report provision, takes away from the President some of those powers, which is perfectly proper. That falls within the scope of a conference committee; but it does not fall within the scope of the conference committee to give to the commission powers that neither branch of Congress attempted to repose in it, namely, the power to fix rates, which is really the essence of the whole thing.

I want to say this simply in conclusion:

This is a question of profound public importance. It is a question that has been debated for the past 20 years before the American people—as to whether we should not create a tariff commission which should have the power to fix rates. As I say, in this debate at least, as everybody will recall, no one in either branch of Congress projected any such question into the discussion. Neither did they at any other time, as I said, seriously. It was, indeed, urged through the newspapers; certain resolutions were adopted frequently throughout the country; but the Congress of the United States never seriously considered the question, and dismissed it without serious consideration.

Mr. WATSON. Mr. President, may I ask the Senator a question?

Mr. WALSH of Montana. I yield.

Mr. WATSON. Would it change the complexion of the whole situation if the Tariff Commission were to report to Congress instead of the President, giving the Tariff Commission the same power that it now has?

Mr. WALSH of Montana. If you put in a provision that unless Congress acted within a certain time the rates fixed by the commission were to go into effect, it would be subject to exactly the same complaint.

Mr. WATSON. That is what I wanted to get the Senator's viewpoint upon. So it does not matter whether it is referred to the President or referred to Congress; in the view of the Senator from Montana it is equally fallacious, if not unconstitutional?

Mr. WALSH of Montana. It would be equally beyond the scope of the powers of the conference committee if it reposed in the commission the power to fix rates either absolutely or conditionally. That, I say, is of the essence of the controversy; and I insist that this is a vicious method of legislation, introducing, through the instrumentality of a conference report, an entirely new theory, an entirely new system, not debated in either House.

The VICE PRESIDENT. The Chair is ready to rule. The Chair recalls that many complaints were made years ago in regard to the action of conferees in inserting new matter, legislative in character, in reports submitted by them. The present occupant of the chair proposed the following rule to cure the practice then at times indulged in, and it was embodied in Rule XXVII of the Standing Rules of the Senate:

> Conferees shall not insert in their report matter not committed to them by either House, nor shall they strike from the bill matter agreed to by both Houses. If new matter is inserted in the report, or if

matter which was agreed to by both Houses is stricken from the bill a point of order may be made against the report, and if the point of order is sustained the report shall be recommitted to the committee of conference.

The Chair is clearly of the opinion that the following language in the conference report is new matter:

In the event the President makes no proclamation of approval or disapproval within such 60-day period, the commission shall immediately by order publicly declare such fact and the date of expiration of such period, and the increased or decreased rates of duty and the changes in classification or in basis of value recommended in the report of the commission shall, commencing 10 days after the expiration of such period, take effect with respect to the foreign articles when so imported.

The point of order is sustained.

Mr. SHORTRIDGE. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. SHORTRIDGE. Within what time may an appeal be taken from the ruling of the Chair?

The VICE PRESIDENT. Before any business is transacted.

Mr. SHORTRIDGE. Then I appeal.

Mr. HARRISON. I ask for the yeas and nays.

Mr. SHORTRIDGE. I withdraw my appeal, if there is any disposition to hurry the matter.

I entered the Chamber during the discussion of this point, and I heard certain statements made, which were made by thoughtful Senators, but which I then thought and now think were not warranted by the decisions of the Supreme Court of the United States.

The VICE PRESIDENT. The Chair will state to the Senator, in order that he may lose no rights, that if he desires to appeal he must do so before any business is transacted.

Mr. SHORTRIDGE. I do not wish to delay matters, but if I have the floor, without offending against any rule or the wishes of Senators, I wish to make one observation.

The VICE PRESIDENT. The Senator has the floor.

Mr. SHORTRIDGE. The statement was made that this so-called flexible provision as reported by the conferees amounts to a delegation of legislative power. I submit to the Senate that under the authority of the Supreme Court of the United States in the case of Field against Clark, reported in the One hundred and forty-third volume of the reports of the Supreme Court, and under the authority of that same high tribunal in the decision of Hampton & Co. against the United States, reported in the Two hundred and seventy-sixth volume of the reports, there is no delegation of legislative power given to the President or to the Tariff Commission by the flexible provision reported by the conferees.

As to the point upon which the Chair has ruled, namely, that the provision carried new matter and therefore is obnoxious to the rule, I have nothing at this moment to say; but I do wish it understood that I take the position that the Congress has the legislative power to fix the standard of measurement, to determine what rates shall or shall not be imposed, and in that regard and to that extent is in the exercise of its legislative power. But Congress has the power to delegate to a commission or to any officer the power to ascertain certain facts, certain conditions, as to which the law applies. In other words, Congress determines that there shall be a certain duty levied to equalize the costs of production at home and abroad, and Congress has the power to indicate what factors, what elements, shall be considered and go into the matter of ascertaining the differences in costs of production at home and abroad. Upon the ascertainment of those facts, those differences in cost of production, a certain duty shall be imposed.

Mr. FESS. Mr. President, will the Senator yield?

Mr. SHORTRIDGE. Let me finish the sentence. I yield, however, if it will add to the clarity of the discussion.

Mr. FESS. Mr. President, I wanted to submit a parliamentary inquiry, which I think ought to be answered now.

Mr. SHORTRIDGE. Very well.

Mr. FESS. Many Senators want to know whether the bill is automatically recommitted, or whether it requires a motion.

The VICE PRESIDENT. Under the rule, it goes back to conference.

Mr. FESS. Automatically?

The VICE PRESIDENT. Yes.

Mr. FESS. I thank the President.

Mr. SHORTRIDGE. It is because of that rule, to my mind an antiquated rule, which ought to be by common consent suspended here, that I am troubling the Chair and the Senate.

Pausing a moment to justify that last remark, I have understood that there were to be one, two, three, or four points of order raised in respect of this report, and I have been told by those gray in the service that if point No. 1 should be raised and sustained, automatically it carried the bill back into conference. I ventured to suggest that we might at least consider one, two, three, four or all the points, and have them all ruled on, so that when the bill went back into conference they all might be considered at the same time.

As I understand now, the ruling just made carries the bill back to conference.

The VICE PRESIDENT. It carries back only the second report. The first report is still on the table.

Mr. SHORTRIDGE. I thank the President. It would be merely an unjustifiable waste of time to pursue the matter. To those who are interested in our Constitution and our form of Government, I have taken the trouble, called upon unexpectedly, to say that Congress has the power to do what we have here undertaken to do. I assume for the moment that the Chair is perfectly right in his technical ruling touching the right of conferees, but as to the power of Congress to set up a Tariff Commission to ascertain certain facts to which the law is to apply, the Supreme Court has considered that whole proposition, and in the two cases mentioned has determined that the exercise of such a power by a commission or the President, as under the existing tariff law, was not the exercise of a legislative function, but it was the ascertainment of facts or conditions to which the law as passed by Congress should apply.

Mr. SIMMONS. Mr. President, will the Senator yield?

Mr. SHORTRIDGE. I yield.

Mr. SIMMONS. The question of whether the Congress had the right to delegate this authority is not the matter before the Senate at all, is it?

Mr. SHORTRIDGE. It seemed to be here, but the ruling went off upon another point.

Mr. SIMMONS. It was not raised in the point of order as to whether the Congress had the right to delegate power. The question raised by the point of order, as I understand it, is whether the conferees had authority, under the rule which governs them, to make the change which they have made in their report. I think that is the only question involved and now before the Senate.

Mr. BORAH. It is not before the Senate.

Mr. SIMMONS. It is not?

Mr. BORAH. No; the point of order has been ruled on.

Mr. ROBINSON of Arkansas. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. ROBINSON of Arkansas. Is there pending an appeal from the decision of the Chair?

Mr. SHORTRIDGE. No; I withdrew it.

The VICE PRESIDENT. No appeal has been entered.

Mr. SIMMONS. Then there is nothing before the Senate.

Mr. HARRISON. An appeal was taken, and I asked for the yeas and nays.

The VICE PRESIDENT. The Chair understood that the Senator withdrew the appeal.

Mr. SHORTRIDGE. I withdrew it.

Mr. HARRISON. The Senator may have withdrawn his appeal——

Mr. SIMMONS. I supposed an appeal was pending, or that it was the purpose of the Senator from California to ask for an appeal.

Mr. ROBINSON of Arkansas. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. ROBINSON of Arkansas. What is the question before the Senate?

The VICE PRESIDENT. There is nothing pending now before the Senate. The Senator from California has the floor.

Mr. SHORTRIDGE. I am before the Senate now.

Mr. ROBINSON of Arkansas. Unfortunately, the Senator from California is not a question.

Mr. SIMMONS. Mr. President, I want to justify my inquiry. Of course, if there is no appeal pending, there is nothing before the Senate.

Mr. SHORTRIDGE. That is true, in a parliamentary sense.

Mr. SIMMONS. I do not understand the object of the able and learned discussion we have had by the Senator from California upon delegation of power. I had supposed he would close his speech by taking an appeal.

Mr. SHORTRIDGE. I may be provoked into doing so even now.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. SHORTRIDGE. I yield.

Mr. HARRISON. I agree thoroughly with the Senator from California that some disposition ought to be made of this first report now lying on the table. I think they both should be handled together. If the conferees are to go back again, as we have done about a hundred times, it seems to me, why not take the first part of this report up, if there is to be a point of order made against it, and have that ruled on, so that we can have the matter before us?

Mr. SHORTRIDGE. Mr. President, just a final word.

Mr. HARRISON. Does the Senator agree with me in that suggestion?

Mr. SHORTRIDGE. I really do not know what the Senator said. [Laughter.] The Senator from Mississippi and I have fought shoulder to shoulder so long that I hope he will not regard that flippant remark of mine as an indication that we are to sever.

Mr. HARRISON. Not at all, may I say to the Senator.

Mr. SHORTRIDGE. I beg the Senator's pardon for the use of that expression.

Mr. HARRISON. The Senator looked as if he were listening to me.

Mr. SHORTRIDGE. I did.

Mr. HARRISON. I am merely trying to rescue the other side of the Chamber from the usual confusion into which they are thrown with reference to their program and procedure.

Mr. SHORTRIDGE. I admit we are sort of floating around over here, looking for land. [Laughter.] I do not claim to be the pilot, but I have some fixed notions in regard to the Constitution of the United States, and I have some fixed notions in regard to——

Mr. ROBINSON of Arkansas. Mr. President, I call for the regular order.

The VICE PRESIDENT. The regular order would be the unfinished business.

Mr. SHORTRIDGE. What is the unfinished business?

The VICE PRESIDENT. The Senator from California will still have the floor. The clerk will state the unfinished business.

The CHIEF CLERK. The bill (H. R. 9592) to amend section 407 of the merchant marine act, 1928.

Mr. SHORTRIDGE. Mr. President, what I am going to add, of course, has a direct relation to the unfinished business. With me the unfinished business is to have the Senate take a position worthy of its high station in our Government. I shall deplore it if the learning of the Senate agrees with the proposition that the Congress may not delegate to a board or a commission the power to ascertain certain facts upon which a law shall apply. I respectfully submit to the Senate that a grave mistake will be made if we abdicate or if we agree to any such proposition. I stand with some degree of confidence on the decisions of the Supreme Court of the United States.

Mr. HARRISON. Mr. President, may I ask the Senator from Utah a question?

The VICE PRESIDENT. Will the Senator from Utah give his attention?

Mr. HARRISON. What does the Senator from Utah [Mr. SMOOT] and his colleagues in the conference expect to do with reference to the tariff bill now?

Mr. SMOOT. I shall call a conference at the very earliest day possible.

Mr. HARRISON. The Senator intends to leave the first part of the conference report on the table?

Mr. SMOOT. I do.

Mr. HARRISON. The Senator is not going to sink the ship?

Mr. SMOOT. No; I am not; and I do not believe the ship will be sunk even by the Democrats who want to have the bill passed.

Mr. ROBINSON of Arkansas. What about the Republicans who want to have the bill defeated?

Mr. SHORTRIDGE. I do not know of any.

Mr. HARRISON. The Senator from Utah appreciates the fact that his own Vice President sustained the point of order and will be charged with killing the bill?

Mr. SMOOT. I did not appeal from the decision of the Chair, although I dissent from the Vice President's opinion, and I think there are Senators on the other side of the Chamber who feel as I do about it.

Mr. HARRISON. So the bill is dead and is buried?

Mr. SMOOT. No; it is not; because we are going to get it up and pass it, and nobody in the Chamber will be more pleased when it is passed than the Senator from Mississippi. I know he will not vote for it, but he will be very greatly pleased when it is passed.

Mr. HARRISON. The Senator is an optimist all right.

Mr. SHORTRIDGE. Let the Senator from Mississippi remember our long-staple cotton!

Mr. HARRISON. If the Senator from Utah would leave it to me I would kill the bill, and it would never come out.

Mr. SMOOT. I know how the Senator wants the bill killed.

Mr. HARRISON. If the Senator will follow my leadership, we will have the bill killed.

Mr. SMOOT. The Senator is not going to do that.

Mr. HARRISON. The Senator from Utah does not follow good advice and does not want to go in the right way.

Mr. SMOOT. The Senator from Utah is going to try to carry out the wishes of the Senator from Mississippi.

Mr. BINGHAM. Mr. President, I understand the Senator from Kentucky [Mr. BARKLEY] has points of order to raise against other features of the conference report. Is that correct?

Mr. BARKLEY. Mr. President, whenever conference report No. 1 is laid before the Senate, I have points of order which I shall make against it.

Mr. BINGHAM. May I ask the chairman of the Finance Committee, in charge of the conference report, why it would not be in the interest of good legislative progress to have the first conference report laid before the Senate, have the points of order made now and decided, so that when the conferees meet, as they must meet again with the second report which has been sent back to conference, they will also have the other points of order decided instead of in abeyance?

Mr. WATSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Indiana?

Mr. BINGHAM. I yield.

Mr. WATSON. When the second report came in and was presented by the Senator from Utah [Mr. SMOOT], Senators on the other side of the aisle took the position that they would not permit the first report to be voted on until they knew what was done with the second report. That is to say, the first report that came in is still lying on the table with some 1,200 items involved in it. Senators on the other side of the Chamber did not want to have that report voted on until they knew what would be done with the second report containing the flexible provision and the debenture.

Mr. BINGHAM. I am not asking that we vote upon the first conference report. I am merely asking that it be laid before the Senate in order that the points of order may be made against it and decided one way or the other.

Mr. WATSON. That is not in order now, because the report is not before the Senate, and I do not think it ought to be laid before us at this time. The original proposition was that we should bring in the second report embodying the flexible provision and the debenture and determine those matters, and then Senators on the other side of the aisle and some Senators on this side of the Chamber might determine what they would want to do with reference to the first report, whether to vote it up or vote it down, and as to what points of order should be raised against it.

What points of order will be raised we do not know. We have been advised that certain points of order will be raised as to the item of cherries, the item of rayon, the item of watches, and the item of cheese; but we all know that we can not have more than one point of order considered at a time. If a Senator raises a point of order on the item of cherries and the Chair sustains it, that would send the report out of the Senate and back to conference. We can not decide four points of order at one time.

Mr. ROBINSON of Arkansas. May I inquire how many conference reports are permissible at one time?

Mr. WATSON. There are two here now, whether they are permissible or not.

Mr. HARRISON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Mississippi?

Mr. BINGHAM. I yield to the Senator from Mississippi.

Mr. HARRISON. The Senator from Utah has just stated that he is going to call the conferees together day after tomorrow, I believe. There are still some points of order that are going to be made with reference to the first report. It has been intimated that they were to be made. It has been intimated that the Senator from Utah himself would make the point of order if nobody else did. Why not lay the first conference report before the Senate, have the points of order decided, and have the two reports go back to conference so we can decide there upon both of them at one time?

Mr. WATSON. The Senator knows that but one point of order can be made at a time. If the Chair sustains it, that takes the bill out of the Senate.

Mr. HARRISON. Why could not the Senator make four points of order if he wants to as to four different items?

Mr. WATSON. Because they are entirely unrelated to each other.

Mr. HARRISON. Then we are to understand that the conference report will be laid before the Senate on four different occasions?

Mr. WATSON. Not at all.

Mr. HARRISON. And that points of order are going to be made as to four different provisions in it?

Mr. WATSON. That does not follow at all.

The VICE PRESIDENT. The Chair will state that several points of order could be made at the same time, but they would have to be passed upon separately. However, they could be made at one time and discussed.

Mr. WATSON. Mr. President, let me ask the Chair a question, if the Senator from Connecticut will yield to me for that purpose.

Mr. BINGHAM. Certainly.

Mr. WATSON. Suppose a Senator should make five or six other points of order to the second report and the Chair sustained the first point of order raised, would not that send the bill back to conference?

The VICE PRESIDENT. The present occupant of the Chair would discuss each point raised.

Mr. WATSON. Does the Chair mean to say he could send the bill back to conference on the five points of order at one time?

The VICE PRESIDENT. He could send the bill back on one point of order, but he could express his opinion as to the various points of order raised, and that would give the conferees some idea of what was in the mind of the Chair.

Mr. WATSON. I object to that procedure for this reason——

Mr. SMOOT. Mr. President, let me say that when the proper time comes I shall ask that the first conference report be laid before the Senate, but that time is not here now.

Mr. WATSON. Mr. President, will the Senator from Connecticut yield to me further?

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Indiana?

Mr. BINGHAM. I yield.

Mr. WATSON. Here is the situation now before us: We have been told that four points of order would be raised—one on cherries, one on cheese, one on rayon, and one on watches. Whether they will be raised or not I do not know. Suppose the first point of order is made on the item of cherries and the Chair sustains the point of order; I do not know whether he will do so or not, but if he does that automatically sends the bill back to conference. When it goes back to conference we can then determine whether or not the points of order will lie against the other sections; and if so, we at that time can correct them so that when the first report comes back before the Senate those matters will be out of the way.

Mr. HARRISON. If the Senator thinks that the first part of the report is subject to a point of order, why not now have the point of order made, so it will be before the conferees? I have much respect for the craftiness of the Senator from Indiana and his colleague, the Senator from Utah, and yet I know there is something going on about which we do not know. What is it about which the Senator from Indiana does not want to take us into his confidence?

Mr. WATSON. O Mr. President, because the Senator from Mississippi works underground and "submarines" like a mole he believes everybody else does the same thing. [Laughter.]

Mr. HARRISON. I have to follow my good friend from Indiana. [Laughter.]

Mr. WATSON. I have done nothing of that kind. I did not know the question was going to be presented until it was brought up here this afternoon, and I know of no reason why my good friend from Mississippi is pressing it at this time.

Mr. SMOOT. Mr. President, I call for the regular order.

The VICE PRESIDENT. The Senator from Connecticut [Mr. BINGHAM] has the the floor.

Mr. BINGHAM. Mr. President, I merely wanted to state that I believe that everybody wants to see the tariff bill out of the way. The people of the country, the business people and the working people, are anxious to know whether the bill is going to be passed or not. It has been dragging along here for a great many months. We have had the entire conference report laid before us in two sections. It has been stated on the floor of the Senate that certain points of order are to be raised against certain items in the conference report. If the present procedure is followed, it means that every time the report comes before us and one point of order is made and decided, then the report will go back to conference for two or three days. Then it will come back again, provided the first point of order is sustained. Then another point of order will be made, and if that is sustained, then the conference report goes back to conference for three or four days more and a further conference is held, and then the bill may come back again. In the meantime summer is coming on and we have other things to do. The country is kept waiting for a tariff bill to be passed or defeated.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Connecticut yield to me?

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Arkansas?

Mr. BINGHAM. I shall be through in just a second. I do not see any reason why we can not have the points of order raised at the present time and give the Chair an opportunity to state how he feels about them.

Mr. ROBINSON of Arkansas. Does it not look to the Senator from Connecticut like the friends of the bill who have it in charge are trying to kill it?

Mr. BINGHAM. No, Mr. President. I do not know what is in their minds. I believe they want to have it passed just as I do, but I want to get an opportunity to vote on it in the near future and not keep everyone waiting in suspense any longer than is absolutely necessary.

Mr. ROBINSON of Arkansas. Has the Senator from Connecticut been able to get any information as to why the points of order to which he has referred should not be determined now?

Mr. BINGHAM. No; I have not.

Mr. ROBINSON of Arkansas. It would be interesting to find out why.

Mr. HARRISON. Mr. President, I ask unanimous consent to have read to the Senate an article which appeared in this morning's Post, entitled "The Listening Post," by Carlisle Bargeron.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

The legislative clerk read as follows:

THE LISTENING POST

By Carlisle Bargeron

There will not be a more graphic chapter in American history than the story, when it is written, of the mad dash of the Four Horsemen back from Rapidan Saturday night. One can see them now—Senators ALLEN, GOLDSBOROUGH, HATFIELD, and WALCOTT; see them sitting there behind the driver in their foam-flecked automobile, balls of fire issuing from the rear wheels and only the clear night sky ahead.

Certainly the gallop of Mr. P. Revere pales into insignificance when compared with this great dash. Onward, they came down the mountain side, hurtling little mountain brooks and obstacles known as the marines, down through Criglersville, and then onto the asphalt stretch that points to the Nation's Capital.

It frightens one when he realizes that he is living in the midst of history-making such as this; the drama of it grips him, unnerves him, and leaves him a hopeless wreck, especially when he is awakened at midnight as were the newspapermen on Saturday night.

All out over the country plain folk were retiring and making ready for an early start for church. The crops had been left for the day of rest, the lights of the Nation's marts had dimmed.

But matters of state brought the Four Horsemen riding through the night. "Save that tariff! Save that tariff!" was the cry.

As to what they did when they got here no one knows save themselves. One may rest assured that they did something. Looking at the matter in a very practical way it would seem that about the only thing they could have done was to rush breathlessly to the printer and still the fingers that were working over the tariff bill.

Their mission was a grave one and unquestionably it was fulfilled. They had gone to Rapidan and told Mr. Hoover that something was in the bill which disturbed him. That there was not is beside the point.

As also is the fact that had the bill been all wrong they could have done nothing about it except browbeat the printer until they were thrown out, which is quite likely what would have happened to them.

But to say that because of this their ride will not make a moving narrative in history is to overlook the space which is given to the Revere incident, and the fact that Hobson's sinking of the *Merrimac* in Santiago Harbor was a futile undertaking that did not accomplish its purpose in the first place, and which was a good thing for the American Navy that it did not in the second.

It is not the success of these great undertakings that counts. It is the brave hearts that essay them. And there is no one to gainsay that it was four brave hearts that sped over the Virginia roads Saturday night. My goodness! Suppose they had had a blow-out.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Farrell, its enrolling clerk, announced that the House had passed a bill (H. R. 9280) to authorize the Secretary of War to grant a right of way for street purposes upon and across the Holabird Quartermaster Depot Military Reservation, in the State of Maryland, in which it requested the concurrence of the Senate.

ENROLLED JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled joint resolutions, and they were signed by the Vice President:

H. J. Res. 328. Joint resolution authorizing the immediate appropriation of certain amounts authorized to be appropriated by the settlement of war claims act of 1928;

H. J. Res. 346. Joint resolution to supply a deficiency in the appropriation for the employees' compensation fund for the fiscal year 1930;

H. J. Res. 349. Joint resolution making an appropriation to the Grand Army of the Republic Memorial Day Corporation for use on May 30, 1930; and

H. J. Res. 350. Joint resolution to provide funds for payment of the expenses of the Marine Band in attending the Fortieth Annual Confederate Veterans' Reunion.

HOUSE BILL REFERRED

The bill (H. R. 9280) to authorize the Secretary of War to grant a right of way for street purposes upon and across the Holabird Quartermaster Depot Military Reservation, in the State of Maryland, was read twice by its title and referred to the Committee on Military Affairs.

EFFICIENCY AND EMPLOYEES' COMPENSATION FUND

Mr. JONES. Mr. President, three emergency measures have come over from the House of Representatives, and it is quite urgent that they should be passed promptly. They will involve no delay, I am sure.

First, from the Committee on Appropriations I report back favorably without amendment the joint resolution (H. J. Res. 346) to supply a deficiency in the appropriation for the employees' compensation fund for the fiscal year 1930. I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Is there objection to the immediate consideration of the joint resolution?

Mr. McKELLAR. Mr. President, let me ask the Senator if the three measures referred to by him are those concerning which the clerk of the Senator's committee called me on the telephone this morning?

Mr. JONES. I assume so.

The VICE PRESIDENT. Is there objection?

There being no objection, the joint resolution (H. J. Res. 346) to supply deficiencies in the appropriation for the employees' compensation fund for the fiscal year 1930 was read, considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $400,000 to supply a deficiency in the employees' compensation fund for the fiscal year 1930 and prior fiscal years, including the payment of compensation and all other objects of expenditure provided for under this head in the independent offices appropriation act for the fiscal year 1930.

GRAND ARMY OF THE REPUBLIC MEMORIAL DAY CORPORATION

Mr. JONES. From the Committee on Appropriations I report back favorably without amendment the joint resolution (H. J. Res. 349) making an appropriation to the Grand Army of the Republic Memorial Day Corporation for use on May 30, 1930. I ask unanimous consent for its present consideration.

The VICE PRESIDENT. Is there objection?

There being no objection, the joint resolution was read, considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the sum of $2,500 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the use of the Grand Army of the Republic Memorial Day Corporation to aid in its Memorial Day services May 30, 1930, and in the decoration of the graves of the Union soldiers, sailors, and marines in the national cemeteries in the District of Columbia and in the Arlington National Cemetery, Virginia, to be paid to the treasurer of such corporation and disbursed by him in accordance with the act approved May 19, 1930.

EXPENSES OF MARINE BAND AT CONFEDERATE VETERANS' REUNION

Mr. JONES. From the Committee on Appropriations I report back favorably without amendment the joint resolution (H. J. Res. 350) to provide funds for payment of the expenses of the Marine Band in attending the Fortieth Annual Confederate Veterans' Reunion. I ask unanimous consent for its present consideration.

The VICE PRESIDENT. Is there objection?

There being no objection, the joint resolution was read, considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the appropriation "General expenses, Marine Corps, 1930," is hereby made available to the extent of not to exceed $7,500, for payment of the expenses of the United States Marine Band in attending the Fortieth Annual Confederate Veterans' Reunion to be held at Biloxi, Miss., June 3 to 6, inclusive, 1930, as authorized by the act approved May 12, 1930.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate Executive messages from the President of the United States making nominations, which were referred to the appropriate committees.

LOBBY COMMITTEE REPORT ON HUSTON AND RASKOB

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD a short editorial appearing in the New York World of May 22, 1930.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

[From the New York Evening World, May 22, 1930]

THE REPORTS ON HUSTON AND RASKOB

The report of the Senate committee on the lobby activities of Claudius Huston, chairman of the Republican National Committee, at the instance of the President, has been submitted, along with the minority report of Senator ROBINSON of Indiana on Mr. Raskob. There would have been no report on Mr. Raskob had there been no startling disclosures regarding Mr. Huston.

The substance of the report on Mr. Huston is that he is a leading lobbyist and propagandist of private power interests; that he received contributions for the purposes of propaganda, and, under another's name, turned these contributions over to brokers in connection with his stock-market speculations; that Mr. Huston claims that this money was returned to the organization of the power people and that he felt no embarrasment about having used it for speculation purposes, since he had loaned money to this organization and had not asked interest; that he declined the invitation to produce the books to prove this latter assertion.

The report against Mr. Raskob is that he is interested, like Dwight Morrow, in the repeal of the eighteenth amendment and has contributed liberally in money to bring it about. There is no charge that he had lobbied. His sole offense seems to lie in his having had enough interest in repeal or modification to contribute financially to the fight.

Had Mr. Raskob been a lobbyist and collected money to be used in the repeal or modification fight, and then used this money for his private speculations on the stock market, there would be a similarity to the case of Mr. Huston. But nothing of the sort is charged against Mr. Raskob.

While Senator ROBINSON apparently sees no difference in the two cases, the public will see a very great difference.

No recommendations are made in the reports. They speak for themselves. It seems unfortunate that both Bishop Cannon and Chairman Huston should have been caught in speculation under conditions not entirely pleasing.

UNEMPLOYMENT—RADIO ADDRESS BY SENATOR WAGNER

Mr. COPELAND. Mr. President, yesterday's papers contained excerpts from a radio address delivered by my colleague, the junior Senator from New York [Mr. WAGNER]. So many have asked to have the entire address, that I ask unanimous consent that there may be printed in the RECORD the address of my colleague "Will Congress Choose the Way Out of Unemployment?"

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

WILL CONGRESS CHOOSE THE WAY OUT OF UNEMPLOYMENT?

Ladies and gentlemen, you can dictate the answer to the question, Will Congress choose the way out of unemployment? If you are unconcerned, if you are indifferent, Congress will continue to refuse to choose the way out. If, on the other hand, you make known to Congress your deep concern, Congress will undoubtedly start on the road which has been laid down leading us out of the bog of enforced idleness in which this country is to-day so deeply mired.

On the 12th of May the Senate finally passed the last of the three unemployment bills which I had introduced more than two years ago. The bills are now pending in the House of Representatives. There is yet sufficient time before adjournment to enact all three bills into law. These bills can become law in time to prepare the country against next winter's hardships. Should the House be denied the opportunity to act on this legislation at the present session the country will know exactly where to place the responsibility for our lack of economic preparedness when next we undergo another severe attack of acute unemployment.

With the coming of fair weather the news of actual distress among the unemployed has appeared in the press less frequently than during the winter. As usual, the spring has brought to the unemployed a slight measure of relief and perhaps increased opportunities for employment. But the spring will not be here forever. Let us at least not be guilty of the stupid shortsightedness which fails to realize that winter will come again. The United States ought not to imitate the man who never mended his roof because he could not mend it in the rain and would not mend it in sunshine. Now is the time to act. Now is the occasion to take preventive measures. This is our opportunity to develop the methods and build the necessary machinery to halt the spread of unemployment.

During the winter of every depression I have heard the fair-weather prophets make the smug prediction that the spring would bring relief. Unfortunately when the spring arrived the winter was never far behind and again the unemployed were treated to the cold comfort of the exasperating pronouncement from Washington that "spring would bring relief." I wish the public could in some way express its unmitigated weariness of this sort of soothsaying. Too long already has sham propaganda served to excuse the failure to take hold of the problem of unemployment rationally and effectively. It is time we become impatient with inaction.

We read in ancient history that once upon a time Egypt was racked by a great famine. What happened there is easily understandable. A period of drought caused a failure of crops and there was consequently no food to sustain the people. But what strange history we are making to-day! Will not our grandchildren regard it as quite incomprehensible that in 1930 millions of Americans went hungry because we had produced too much food; that millions of men, women, and children were cold because we had produced too much clothing?

I am not speaking in parables. It is the literal truth that to-day we are suffering want in the midst of unprecedented plenty; our workers go without wages because they had learned to work too well.

It is this condition which justifies our impatience with statesmanship which regards unemployment as inevitable and poverty as incurable. I do not believe that unemployment is inevitable. We have never tried to do anything about it. We have never assembled the necessary information. We have never applied to the problem the organized intelligence of our people. Past administrations have pursued a policy of drifting where the current would carry. Now we are near the shoals. To drift any longer is dangerous. It is time we began to take soundings of our position and charted our course to a definite goal.

It makes little immediate difference to the man without a job whether he is out of work because of seasonal slack, or because of business depression, or because his work is to be done by a machine. But no sooner do you begin to search for some remedy for unemployment when you discover that you can not proceed without knowing these fundamental facts. What will cure seasonal slack may have no application to cyclical depressions; what will stabilize the business cycle may have no effect on technological unemployment, by which is meant displacement of workers by machines. It is essential that we have not only information but that we have complete and precise information if we are to go to the root cause of modern unemployment.

Until we do our boasted standards of living rest upon a foundation of sand. Standards of living can not rise, can not even remain at the level they have reached, as long as the worker's position is as precarious as it is to-day. The worker must be given a greater measure of security, some protection against the haunting fear of enforced idleness, before he can lead the broad and full life which the rich endowment of natural resources of this country intended that he should enjoy.

In hundreds of vocational schools throughout the country we are training young men and women to follow certain pursuits and trades without knowing whether we are bringing these young people into already crowded occupations.

All over the land towns and cities invite industries to locate in their midst without adequate information whether the new industries will dovetail into the existing industries, or whether they will only complicate the unemployment problems for these communities.

With adequate information and a working nation-wide system of labor exchanges we would know these facts and be in a position to act intelligently to stabilize employment and to make purchasing power steady. With adequate information industry may even learn to introduce its labor-saving devices and to accomplish its mergers at a time when the workers released could be absorbed into other fields. In our present state, deprived of information, deprived of the instrumentalities of adjustment, even the well-intentioned employer can do little to mitigate the hardships incident to greater mechanical efficiency in production.

Entirely too much valuable time has been consumed by idle theorizing over the question, Whose problem is unemployment?

I have been told by well-intentioned citizens that each worker should solve the problem for himself. I have been advised that business was under the duty to eliminate unemployment. Others have urged that the municipalities and States were responsible or it. Into this dispute I decline to enter. To me it seems plain that the responsibility of the Federal Government must not be shirked, for the prevention of unemployment is a distinctly national obligation.

Unemployment to-day is not produced by local causes. The forces which make for the shutdown of factories, the curtailment of activity in the mines and on the railroads are forces which operate on a national and world-wide scale. The individual workman, the individual business, the State, are helpless when an economic storm breaks upon the country. Only the coordinated strength of the entire Nation is competent to deal with such powerful economic forces.

Unemployment has nationwide effects. The shutdown of a shoe factory in Boston directly affects the business of an orange grower in California. Purchasing power destroyed in one place is at once translated into unemployment in some other place. No scourge known to man spreads as quickly as unemployment. When it begins to spread there is no immunity which the individual workman, farmer, or business man can secure for himself. Quarantine can not stop it. State boundary lines can not stop it. Only the cooperatively organized effort of the entire Nation can prevent it. To me the evidence is overwhelmingly conclusive that the problem of unemployment is so big, so important, and so complex that it will take the full and wholehearted cooperation of individuals, of business, of municipalities, of States, and the Federal Government to solve it.

The bills which have passed the Senate would have the Federal Government undertake so much of the job of preventing unemployment as it can most effectively accomplish. The sooner the Federal Government does its share, the sooner will States, municipalities, and private industries be in a position to contribute theirs. The prevention of unemployment is a national task to which the entire Nation must devote itself. Theories will not discharge the Government of the responsibility to do its part.

What portion of that task properly belongs to the Federal Government?

First. The Federal Government should collect accurate information of employment, unemployment, and part-time employment. Such information is fundamental. No intelligent effort to control unemployment can be exerted without it. To-day we have no such information. The Federal Government is the agency best equipped to secure it.

Second. The Federal Government is always engaged in constructing highways, developing rivers and harbors, erecting flood-control structures, and public buildings. It should plan these projects in advance and time them so as to make available opportunities for employment when private business slackens.

Third. The Federal Government should join with the States in the establishment of a nation-wide system of public employment offices, so as to assist workers to find jobs and to assist employers to find workers with the least amount of delay and with the least amount of friction. Such a system will establish cooperative channels for the free flow of labor between States and between markets.

This is but a bare outline of what the Federal Government can do toward the prevention of unemployment. It is such a plan which is written into the three bills which have been passed by the Senate.

If the Federal Government should begin to exercise these functions, certain definite results may be expected. We shall know where we stand from month to month. We shall no longer grope in the dark. The information will be useful to the Federal Government, to the States, and municipalities, and to each and every intelligent farmer and business man in the country, who will be enabled to guide production by prospective consumption.

Public construction will be concentrated in periods of depression. If the Federal Government will set the example the States and municipalities will do likewise. A public-works program which costs the Nation about $3,000,000,000 a year will be turned into a balance wheel to keep employment steady. We shall begin to know something about the unemployed. We shall learn what happens to the men displaced by machines and mergers; what is the fate of men who lose their employment after 40? If we know the facts, I believe we shall find solutions. As long as we remain in ignorance we never can find a remedy.

Of course, carrying out this program will cost money. The long range plan bill authorizes an appropriation of $150,000,000; the employment exchange bill, $4,000,000. These are big sums of money even for a country as large as the United States. But when you stop to compare these figures with the costs of unemployment, then you become competent to judge which way lies true economy. In one single month last winter factory workers alone lost in wages $200,000,000. In the first three months of 1930 it has been estimated that wage earners alone lost no less than a billion dollars in wages. If by a little expenditure of money and a big expenditure of thought and plan we can build a dam to shut off this Niagara of money losses arising out of unemployment, is it not sound economy to do so? Consider what it would have meant to the farmer, to the manufacturer, and in turn to the worker if this vast amount of purchasing power had not been withdrawn from the markets.

But there is an even greater national asset to be saved—the national character. No one can exaggerate the terrific blight on character which unemployment inflicts; I have said it once, I now repeat it: Unemployment produces child labor, disrupts the family, destroys independence, and breeds discontent with government. Who is there who will talk of cost when these are at stake?

My friends, every conference that has been called together in the last 15 years to consider unemployment has come to the self-same conclusion that such legislation be enacted. Every Senate committee that has investigated the subject has recommended that these bills should pass. We have talked, we have conferred, we have investigated. Is not the time yet ripe for action? Must a still greater tribute of suffering and privation be exacted from our people before we proceed?

When first I spoke of unemployment in the United States Senate I was charged with acting from political motives. I am grateful that for some time now that unfounded statement has not been repeated. If there were political advantage to be secured by championing the

cause of the unemployed, this problem would have been tackled long ago. The unemployed never make campaign contributions. They do not control any portion of the press through which to bring their plight home to the American people. They maintain no lobby in Washington to tell their depressing story to their representative in Congress. Their only spokesmen are they who have responded to the common call of humanity; the only advocates of their cause are they who pursue the welfare of our country irrespective of party advantage.

May I read to you a short note which I have just received from one you know well, who has devoted all of her life to the service of those who needed assistance, Miss Frances Perkins, industrial commissioner of the State of New York:

NEW YORK, *May 20, 1930.*

MY DEAR SENATOR WAGNER: I can't tell you how glad I am to note that your three bills for the improvement of our unemployment condition have passed the Senate. Let me congratulate you upon this; but may I also add that I hope very sincerely that they are going to go through the House, and speedily.

* * * It is not unlikely that we shall have to go through another winter of serious unemployment unless there is immediate adoption of big programs of public works by the Federal, State, and local Governments throughout the United States.

With this thought in mind, I sincerely hope that the Members of the House of Representatives, without regard to party, will push these bills forward speedily as a patriotic service for the relief of unemployment, for public works, and for the coordination of employment exchanges and statistical data.

Sincerely yours,

FRANCES PERKINS,
Industrial Commissioner.

This is the sentiment and the hope expressed in literally thousands of letters which I have received from every part of this country from business men, farmers, economists, and workers. I believe I do not overstate the case when I say that the articulate opinion of the entire country has been mobilized in support of this legislation.

In European countries unemployment has become the paramount political issue upon which parties are bitterly divided and ministries rise and fall from power. In this country I hope that unemployment may never become a political issue. But it is our supreme problem. It is absorbing the interest of our people. The administration can prevent unemployment from becoming a national issue by joining in the effort to enact the unemployment legislation now pending in the House of Representatives.

A special responsibility rests upon President Hoover to bring about the enactment of this legislation. He has advocated the principle of this program. Will he help to bring it into being?

During the severe depression of 1921, in the administration of President Harding, a conference on unemployment was called. It finished its sessions by recommending the principles embodied in my three unemployment bills. Mr. Hoover was chairman of that conference.

During the presidential campaign of 1928 Mr. Hoover as a candidate announced that unemployment was one of our major problems and added that for its solution we must have this fundamental information of which I have spoken.

In November, 1928, Mr. Hoover sent Governor Brewster as his emissary to New Orleans to inform the conference of governors that he was in favor of the principle of the long-range planning of public works. A few weeks ago, addressing the United States Chamber of Commerce in Washington he reiterated his advocacy of better information, long-range planning of public works, and adequate employment exchanges.

I hope that in these closing days of the session he will feel advised to exercise the prerogative of his high office and the power of his party leadership to secure the present enactment of the unemployment bills.

The President has spoken of the war against poverty. Involuntary idleness is the greatest single cause of poverty. Will he utilize the present auspicious opportunity to deliver a body blow to the cruel figure of unemployment? Will he wait until another winter rolls around and perhaps call another conference, another festival of speech making, or will he seize this opportunity to give the country a permanent instrumentality of progress ever acting, ever responsible, ever watchful, to deal with unemployment before it arrives?

Will Congress choose the way out of unemployment, the way of intelligent organization, the way of responsible action, the way of sensible prevention, or—I hesitate to suggest the alternative—will America continue to walk the rutted road of want in this age of plenty?

Year after year, decade after decade, America has yearned and hoped and prayed to be relieved of the recurrent onslaught of unemployment. Here is a program of action, not perfect, but the best that the present state of our knowledge makes possible; not complete, but having within it the seeds of further development; not a panacea for all our ailments, but bound to contribute to the prevention of unemployment. Will Congress take these first three steps on the road to stabilized prosperity? The answer depends on Mr. Hoover, on the Republican leaders in the House of Representatives, but primarily, my friends, the answer depends upon you!

THE PRESS TO-DAY

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Nation for May 21, 1930, entitled "The Press To-day—The Chain Daily."

There being no objection, the matter was ordered to be printed as follows:

THE PRESS TO-DAY—IV. THE CHAIN DAILY

By Oswald Garrison Villard

To whom the credit belongs for starting the first chain of dailies is a moot question. The pioneer was probably Edward W. Scripps, who in 1875 was associated with his brother in the founding of the Detroit News. Three years later he established the Cleveland Press, which was in turn followed by the Cincinnati Post. These were the leaders in a chain which is now the largest in the country, numbering 25 dailies, including the New York Telegram, with the Ira C. Copley holdings and the Hearst chain following with 22 dailies each. Altogether 55 chains are listed by the Editor and Publisher, but as 17 of these comprise only 2 dailies each, they ought really to be deducted. No one, for example, considers Mr. Ochs the owner of a chain because he possesses the New York Times and the Chattanooga Times; nor can the Pulitzer group, the New York morning and evening World and the St. Louis Post-Dispatch, be rightly included.

All told, there are 16 major groups comprising 5 or more dailies each. Besides the Hearst, Copley, and Scripps-Howard chains, the more important are the Macfadden, Paul Block, Booth, Brush-Moore, Cox, Fentress-Marsh, Gannett, Howe, Lee Syndicate, Macy-Forbes, Lindsay-Nunn, Palmer, Stauffer, Thompson, Ridder Bros., and Scripps-Canfield. Even here, however, it is to be noticed that some of these are entirely within one State and comprise small-town papers only; thus, all but two of the Macy-Forbes newspapers are in Westchester County, N. Y. The list naturally takes no account of the weekly newspapers which may also belong to the owner of a chain. As this article is written comes the news of the purchase of a group of 35 weeklies, semiweeklies, and small dailies in Ohio by the Ohio News (Inc.), whose real ownership is not yet revealed. In most cases the desire to own a large string is evident. No one can say just how rapidly a chain may grow. Colonel Copley, for instance, is reported to have bought his 18 California dailies in a day after having withdrawn nearly all his millions from certain public-utility companies through which he had amassed his fortune. His remaining four dailies are in Illinois and of a distinctly different kind from his small-town California properties.

Here we have a characteristic of a number of chains—a lack of balance. The Scripps-Howard dailies seem better coordinated and more wisely distributed than any other. Unlike Mr. Hearst, the owners of this chain do not own more than one daily in a town. They are thus represented in 25 cities, whereas Mr. Hearst's dark journalistic shadow has happily as yet fallen upon but 18. Curiously enough, the Fentress-Marsh chain seems not to go into a city until it acquires all the dailies or the only daily in that town. Other chains are curiously put together. For example, the Ridder Bros., the sons of the late Hermann Ridder, of the Staats-Zeitung, have added to that daily such diverse journals as the New York Herold (also German language), the New York Journal of Commerce, a business daily, the Jamaica (N. Y.) Long Island Press, the historic St. Paul (Minn.) Pioneer-Press, the St. Paul Dispatch, the Aberdeen (S. Dak.) American and News, and the Paterson (N. J.) Press-Guardian, besides holding a minority interest in the Seattle Times.

The most striking rise of a chain is undoubtedly that of the Frank E. Gannett group, now 16 in number, of which all but 2 are published in New York State. It includes such important dailies as the Brooklyn Eagle, the Hartford (Conn.) Times, one of the two or three most influential newspapers in New England, and the Rochester Democrat and Chronicle and Times-Union. Mr. Gannett's experiment is the more interesting because he has made use of the new technique of selling bonds and preferred stocks to the public and keeping control through the possession of the common stocks, doubtless with the expectation of making such savings in costs by large-scale purchases, by using one Washington office for the entire group, and other economies, as to be able speedily to buy out the public. That, aside from the question of personal power, is the chief lure of the chain.

It is still too early to assert that the newspaper chain has finally demonstrated its financial stability. Several of them are suffering a good deal in the present depression, which has severely affected the advertising of practically all eastern dailies. It is easy to carry a combination of dailies when conditions are good throughout the country; it may become a dangerous burden when times are bad. The Hearst chain has a number of very weak links. There is nothing, for instance, about his morning dailies in Washington or New York to indicate prosperity, and there is a general belief that if he could find some means of giving away the New York American without too great loss of prestige it would be done. Baltimore is still a weak spot for him, and so are one or two of the up-State New York cities, this despite the fact that his business management has been much improved during the past several years. Mr. Gannett has had difficulty with the Brooklyn Eagle, for which he probably paid too much—the prices of dailies have been as much inflated since 1920 as were farm lands in the boom

war years. It was to finance the purchase of the Eagle that Mr. Gannett procured a loan of $2,000,000 from the International Paper & Power Co. and its "public-spirited" president. When the fact was brought out and the transaction was severely criticized, Mr. Gannett felt it to be his duty to obtain the money elsewhere in order to repay the Paper Trust. Other reasons also have combined to make the situation of the Eagle a difficult one.

Except in the case of Mr. Hearst, who increased his holdings rapidly in the days when he sought to be Governor of New York and President of the United States, I do not feel that political motives have played any great part in this newspaper development, certainly not at all in Mr. Gannett's case. Mr. Gannett was once asked if he had in mind any definite purpose in creating his chain, such as the endeavor to influence public opinion in increasing measure. His reply was in the negative; he merely enjoyed enlarging his personal field of activity. He had no more conscious motive than that which leads a man to buy six more drug stores if he has made a success of one or two. Undoubtedly the newspaper chain is as much a response to an economic urge or tide as the recent grouping of railroads and the development of the chain cigar or food stores. It is in the air; it is part of the transformation of almost every business which is going on under our eyes, and if it had not been Scripps, Gannett, or Copley, it would have been some one else. The economic drift is what counts—the nation-wide combination to decrease competition, to restrain trade, and to deal in larger and larger units. There was at bottom no reason to expect that the newspaper business would be spared by the economic forces which are remodeling our industrial life and making the relationship of government to the staggering combinations of capital the paramount issue of the day.

If there is as yet no deliberate planning of newspaper chains to control opinion there is no reason why this could not be undertaken. It is already quite in the power of rich men to buy all the dailies in the smaller States—there are only 3 in Delaware, 6 in Wyoming, 5 in Idaho, 22 in Alabama, and 36 in Washington. Henry Ford could long ago have purchased the 60 dailies in Michigan with the exception of the very rich Detroit News, with but a portion of one year's income. Since there are 48 towns and cities in Michigan which possess only one daily journal apiece, despite the theory that this is a Government by two political parties, the opportunity must be pretty obvious to those with political ambitions. The purchase of the California chain of Colonel Copley was attributed by some to a desire to control public opinion in southern California in favor of the power interests, but this was denied by his employees. The relative worth of the chain, and whether it is a gain or a menace, will depend upon the personal equation, the character, and the aims of the owners.

So far it is impossible to say that any one chain has been used for specific antisocial or reactionary propaganda, if we omit the Hearst dailies. The Scripps-Howard newspapers are usually liberal, and most friendly to reform movements. It is a pity that their reporting is sometimes poor, their make-up and typography wretched. They sorely lack high standards in these respects, but their answer is the old one—"We must stoop to get circulations in order to put our ideas over." Even the New York Telegram lacks typographical distinction and is messy; yet the New York Times has made its great success while adhering to typographical dignity and taste, with the Herald Tribune following its example. None of the chains, again excepting Hearst, strive for typographical uniformity. It would be welcome if a format of beauty and distinction were to be adopted by one of them; but those two qualities have largely disappeared from the American press.

By using the new technique of getting the public to advance some of the money while the promoter himself holds control there is no reason whatever why we may not see a chain of 100 dailies controlled by one man. Theoretically at least; whether this would work out well practically is doubted by many. Yet the steady progress of the Scripps-Howard syndicate, despite certain weak members, would seem to prove that it is no more impossible than the creation by one owner of a group of 500 grocery or 5-and-10-cent stores. I can see no valid reasons why we should not have much larger chains and, I believe, we shall see them when those having great stakes in the present economic system are sufficiently enriched or sufficiently frightened by the specter of radicalism to seek more directly to control public opinion. Here is where the danger lies. In this connection the action of the International Paper & Power Co. in buying its way into a number of dailies in 1928 and 1929, and lending much money to newspaper owners, including Mr. Gannett, is highly suggestive. The purpose of this new policy, the president of the company said in his own defense, was simply to assure to the company steady customers for its paper. But the outcry within the press and the disapproval of the public were so great that he was speedily compelled to change his mind about the advisability of this policy and to get out of the newspaper business. Similarly persistent and at times successful efforts by the power lobbyists to get their hooks into daily newspapers are a warning of a tendency that must be guarded against if the press is not to become merely a creature of the great capitalists. It is, heaven knows, to-day sufficiently in the clutch of the forces which make for reaction and the support of the status quo.

Again, the question of absentee ownership sometimes plays a considerable part in the development of the chain. Some of the smaller communities resent the control of their dailies by men living elsewhere. This is not, however, a universal feeling. There might, however, well be dissatisfaction in Pittsburgh, where all three of the dailies remaining in a city which had seven morning and evening newspapers only a few years ago are now owned by capitalists residing elsewhere—the Scripps-Howard Syndicate, Hearst, and Paul Block. At bottom, the owners of the Hearst and Block Pittsburgh newspapers have no more direct interest in the city than have the owners of chain cigar stores. It is true that there are always editorial writers to deal with local problems; that the staffs are still largely made up of local men. The owners of the Scripps-Howard papers make every effort to tie up their editors with the local interests of the cities in which their papers are situated. Local autonomy is the watchword, and it is generally lived up to, except in national affairs. The local Scripps-Howard editor is given help to buy an interest in the paper and is expected to spend the rest of his life in its service. He is constantly urged to "know your town" and "feel its pulse." Scripps-Howard editors are, however, freely transferred from one city to another. It still seems impossible that there should be quite the same relationship of the daily to its community that exists when the paper is owned by a local man known to all his fellow citizens, to be seen at local gatherings, and to be held directly accountable to local opinions and desires. It would seem as though no community of the size of Pittsburgh could rest happy under such conditions. They seem to me intolerable.

On the other hand, defenders of the chain allege that there is a certain advantage in this freedom of a chain editor from local entanglements—social, business, and financial. While it was always Mr. Scripps's idea that his editors might purchase stock in the papers they were serving, he rigidly ruled that they should not invest their savings in other enterprises which would interfere with their complete freedom of opinion and action. He wished them to be exclusively and only newspapermen. Another view is expressed by Eugene A. Howe, of the Howe Newspapers (chiefly located in Texas, where the chain idea is being developed most rapidly and successfully). "I think," he states, "that it doesn't matter who owns a newspaper as long as it is operated vigorously and honestly. The average reader doesn't bother about the paper's masthead. Give him a judicious selection of news and features, give him a good newspaper, and he is satisfied. And the paper usually will be a profitable investment. * * * We are still experimenting in Texas, but we feel we are going a long way in establishing group dailies."

There remains, however, the question of the editorial opinions of a chain of newspapers. Here we have three distinct policies. The Scripps-Howard dailies, while free to deal with local issues, all conform to the national editorial opinions formulated by chief editorial writers, or, as in the case of their support of Herbert Hoover for the Presidency (which they are presumed to be repenting in sackcloth and ashes), as a result of an editorial convention and a free vote of all the editors. Mr. Hearst's editors reflect his own contradictory and changing views and personal whims. Frank Gannett, however, does not alter the political policies of the papers he purchases. Thus the Hartford (Conn.) Times remains Democratic and the Brooklyn Eagle independent Democratic, while most of the others are Republican. Mr. Gannett is a convinced and sincere dry; it will be interesting to see if it will be possible for him to allow some of his papers to take the opposite viewpoint if the question of prohibition becomes still more acute. His policy seems to me entirely ethical and quite defensible. It is certainly unusual for an owner to grant to his editors the complete freedom of opinion and expression which Mr. Gannett permits.

In another situation, that in which the same company controls all the dailies in one city, the question is a bit more difficult. Thus in Springfield, Mass., all four papers are owned by one company. Two are Republican in politics, one Democratic, and one independent. Where the facts are known and where, as in Springfield, there is an honest and aboveboard endeavor to advocate the policies of the two political parties and no effort is made to hide the real ownership, it would seem that no criticism could lie against this procedure. Different is the case, cited by Senator B. K. WHEELER, of Montana, of a town in that State in which both the dailies, one Republican and one Democratic, were none the less owned by the same mining company, their respective opposing editorials being written by the same hireling!

As for the standardization of the dailies which results from ownership of groups, I shall touch upon that in another article. It is necessary to point out here only that this is the inevitable result—and a specially desired one—of the amalgamations. Herein lies part of the great opportunity to make savings by supplying the same cartoons, illustrations, rotogravure sections, and articles. These savings are not always realized, as, for example, in the case of white paper, for which a standard price has now supposedly been fixed for all purchasers, large or small, who do not have their own mills and must buy of the large companies. But in the main it would seem as if enormous economies could be made.

It can not be maintained that the chain development is a healthy one from the point of view of the general public. Any tendency which makes toward restriction, standardization, or the concentrating of editorial power in one hand is to be watched with concern. For the ideal journalistic state of a republic, especially where the 2-party system prevails,

is one in which papers may easily be created by single individuals, as Horace Greeley established the Tribune and Alexander Hamilton's friends the New York Evening Post, to rise and disappear if need be. If the coordination of the press with the current urge for larger and larger combinations is inevitable, it is regrettable if only because this makes it additionally harder for the man of small fortune to start a daily and compete successfully for public support. That this chain development is an international phenomenon does not alter the situation.

It has gone farthest in Great Britain, where three groups, those of Rothermere, Beaverbrook, and the Berry Bros., now dominate the press, and inform or misinform perhaps 80 per cent of the reading public. It is not impossible that within 20 years or less we shall see these three groups owned by a single company or individual. When that comes to pass the Government will have to take cognizance of the existence of a power to control and inform opinion that may prove superior to its own—an impossible situation. No independent daily comes up for sale in England to-day without the existing three groups bidding for it. The Hugenberg chain in Germany is so large and powerful as to have worried many persons lest it menace the existence of the new republican institutions. Even in South Africa the chain tendency is apparent. Thus, the three leading evening journals, the Star, of Johannesburg; the Cape Argus, of Capetown; and the Natal Advertiser, of Durban, belong to the same company, which also owns the Diamond Fields Advertiser of Kimberley and the Friend of Bloemfontein, besides controlling the two leading dailies of Rhodesia.

The formation of a British company in 1928 for the purpose of owning British dailies and buying into newspaper properties in other countries foreshadows the international chain. Its mere organization aroused a storm of protest in France, and led to the immediate threat in Paris of a law to prevent the holding of any shares of a French daily by foreigners. The heated and, I believe, totally false charges in this country, during and after the war, that a portion of our press is, or was, under British control is proof of the deep feeling which would be aroused if it should appear that foreigners were seeking to control our American sources of information.

LETTER OF GEORGE B. LOCKWOOD RELATIVE TO THE CANDIDACY OF O. H. P. SHELLEY FOR SENATOR FROM MONTANA

Mr. NORBECK. Mr. President, I present and ask leave to have published in the RECORD an article from the Carbon County News, of Red Lodge, Mont., issue of May 1, 1930, being a letter from George B. Lockwood, former secretary of the Republican National Committee, relative to O. H. P. Shelley, Republican candidate for United States Senator from Montana.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[Reprint from the Carbon County News, Red Lodge, Mont., issue of May 1, 1930]

GEORGE B. LOCKWOOD, FORMER PUBLISHER OF NATIONAL REPUBLIC AND ORGANIZER OF HOOVER CAMPAIGN, TELLS OF O. H. P. SHELLEY'S QUALIFICATIONS FOR MONTANA'S UNITED STATES SENATOR—LOCKWOOD, FORMER SECRETARY OF REPUBLICAN NATIONAL COMMITTEE, WRITES TO ATTORNEY JOHN G. SKINNER OF RED LODGE PUBLISHER'S ABILITY

Attorney John G. Skinner, chairman of Carbon County Republican central committee, is in receipt of a letter this week from George B. Lockwood, former publisher and editor of the National Republic, Washington, D. C., and present publisher of Muncie Press, Muncie, Ind., who tells of the qualifications of O. H. P. Shelley, of Red Lodge, Mont., for United States Senator on the Republican ticket.

Mr. Lockwood has been prominent in national Republican politics for the past several years, and during the last presidential campaign was the organizer of the Hoover campaign. His acquaintance with Mr. Shelley during their association in political affairs a few years ago gives the statesman first-hand information and knowledge of Mr. Shelley's qualifications for the office of Senator.

Mr. Lockwood was secretary of the Republican National Committee at the same time Shelley was national committeeman from Montana.

His letter to Attorney Skinner follows:

WASHINGTON, D. C., *April 26, 1930.*

Mr. JOHN G. SKINNER,
Red Lodge, Mont.

DEAR MR. SKINNER: I have your letter asking me what I think of the qualifications of O. H. P. Shelley for the United States Senate from the standpoint of one who has been actively connected with national politics and an armchair observer of congressional proceedings for many years.

In reply I would say that it seems to me that Mr. Shelley has the characteristics which especially qualify a man for useful service in the Senate, both to his State and to the country at large. These are extensive experience with and knowledge of politics and political leadership; exceptional diligence in anything he undertakes; and, though I am classified as a Republican "regular," and the affiliation of Mr. Shelley has been with the "progressive" wing of the party, sound, intelligent, and patriotic views on public questions. He has the "know how" in national politics and public affairs without which a new Member of the Senate is necessarily for some time a mere observer of rather than a real participant in the proceedings of Congress. Probably no man in Washington has so wide and thorough an acquaintance with public men or better knows how to get things done through the cooperation of others in public life; this would be an invaluable asset to the people of your State should Mr. Shelley be chosen Senator.

There is some popular misconception as to the type of man most useful in the Senate to his State and to the country. He need not be an orator or a political leader of the showy type. Most real results are accomplished by men of another sort—men who are content to do the hard work essential in accomplishing results of any kind—men not too pretentious but with good "horse sense," who know how to cooperate and get the cooperation of others. Mr. Shelley fills this bill.

When I say that Mr. Shelley is sound on national issues, I mean especially those which seem now to me to be most important. He is a nationalist and not an internationalist. He believes that the interest of this country should be kept first in mind by Americans. He is not for the sacrifice of the welfare or safety of this country in the hope of advancing the interests and insuring the security of other nations. He is not for the involvement of the United States in the political system of Europe, with all that this involves of possible sacrifice of our own standards of living and of our own peace; in other words, he is against the American entry into the League of Nations or any of its subsidiaries, including the League Court. In this his position is consistent with the last Republican national platform, which by its silence on this issue justified the conclusion that this question was settled for good. We have made great sacrifices in behalf of the rest of the world in the last 13 years, and the present situation within our own country would indicate that in looking after our own we have a job that fully takes the ability of American statesmanship.

Mr. Shelley believes in the protective policy of Washington, Clay, Lincoln, and Roosevelt for the benefit of the American farmer and wage earner. The tariff question has become a labor question. With the internationalization of finance, manufacture, and trade, protection has ceased to be of interest to most branches of "big business," for the reason that international finance with vast investments abroad is more interested in building up wealth and credit abroad than at home in order to protect these investments, while internationalized industry, unlike the American wage earner and farmer, can work when it pleases in the cheap labor markets of other lands to more advantage than in our country of higher production costs. We have therefore seen that both organized farmers and organized workmen have shifted their position on the tariff question, while internationally organized business has taken the antiprotection end of the argument. Mr. Shelley stands for a tariff on all competitive manufactured products approximately the difference in labor costs at home and abroad, without which we must shut up shop industrially or submit to the lowering of wages to the European and Asiatic scale; and on agricultural products for a tariff additionally that will take into account the differences in cost of land, taxes, material costs, living costs, and transportation.

This is a matter of special importance to Montana. In soil and mineral wealth Montana is the peer of Pennsylvania. One-third the size of Montana, Pennsylvania has seventeen times the population; in other words, fifty times the population per square mile. While this is partly due to the greater age and more favorable geographical situation of Pennsylvania, it is evidence that in industrial development great possibilities lie before your State if our national growth is not stunted by destruction of our home market through unfair foreign competition. It may be added that the industrial growth of Pennsylvania is partly due to the fact that for years Pennsylvania has sent to the Senate practical men who have looked out for the interests of Pennsylvania. The future of Montana depends not only on the utilization of her resources in coal, silver, chrome, and other minerals, oil, lumber, cattle, and sheep, flour, and her farm production, but in the development of other resources as yet scarcely touched.

There is to-day a natural tendency toward the decentralization of industry, which should be speeded by both public and private effort, that offers special hope to your State. Because of the close relationship between Government and business, it is important that Montana should have at Washington one who will make these problems his special study and basis of effort. Certainly there can be no improvement if the chief products of Montana are left open to the competition of foreign producers, with an unlimited cheap labor supply and water carriage much cheaper to our seaboard States than is available to the producers of your State.

The necessity of a tariff on crude oil is a case in point. At a time when American production is drastically limited, paralyzing exploration in your State, we are importing crude oil to the value of $100,000,000 a year from abroad, and the gate was left wide open for an increase in this importation when Congress failed to give American oil producers protection. It is argued that this action was intended to conserve our national resources, but we are beginning to realize that our potential supply of oil is almost unlimited, and that before it is exhausted some new form of fuel may be developed. Possibilities of oil production in Montana are doubtless far beyond any present knowledge,

but the effect of the action of Congress in denial of the protective principle is to withhold employment from thousands of Montana workmen and oil royalties from thousands of Montana farmers and cut down the returns of Montana people interested in existing production. The truth is that the opposition to such a tariff came from the international oil companies, which seek domination of the oil production and distribution of the world, and they were able to dictate this denial of justice to one of Montana's most important industries. Montana should have a Senator on the job who will see to it that the just interests of the State, especially during a period of unemployment like the present, are not discriminated against in national legislation. There is no excuse whatever for any unemployment in the United States when the reason for it can be seen in the vast volume of foreign materials which displaces commodities that should be made, mined, or grown by American workingmen, receiving wages upon which a high standard of living can be based, thus creating an outlet for all that the farmer and wage earner produce within the confines of this country.

The true measure of prosperity is the degree of comfort and luxury in which the masses of the people are enabled to live. Only by keeping employment in high gear, and at a high and increasing wage scale, can we provide the consuming power sufficient to absorb the production of this machine age, increasing in volume and variety. Unless the workingmen and farmers are well employed and well compensated, the prosperity of our whole economic system is impossible.

Mr. Shelley is opposed to the undue centralization of industry and finance in so far as this may be affected by national legislation. It is evident that organized efforts are now in progress to bring about an undue and unnatural concentration of finance and commerce which, if effected, would make States like Montana only an economic hinterland, and that there is an attempt to constitute an economic and financial supergovernment. While large-scale industry is an inevitable and useful accompaniment of our economic development, the problem of the future is to see to it that this does not result in the stunting of the growth of our interior States, whose resources are constantly to be siphoned out into a few great and remote financial and industrial centers. Western Canada has felt the effect of this unwise policy, and with all businesses mere branches of distant concerns there is a lack of local credit and industrial activity which makes the growth of smaller centers of population almost impossible. The effect of this on agriculture is especially distressing, since it destroys home markets for diversified farm production.

The last Republican national platform declared the position of the Republic Party on prohibition, and party regularity consists of standing by that declaration rather than sending to Washington a Senator who will oppose and embarrass the administration in the effort to make good on this policy in the face of the fiercest and most heavily financed opposition the eighteenth amendment has yet encountered. The eighteenth amendment, which was ratified by all but two of the States little more than 10 years ago, should be given time for its vindication. The alternative saloon system was tried for a couple of hundred years in this country and was so unsatisfactory at the end of that time that the people overthrew it with remarkable unanimity, as indicated by the action of the legislatures of 46 States.

The truth is that the eighteenth amendment can not be repealed, at any time at least within the period covered by the next senatorial term, and modification which permits liquor with a sufficient "kick" in it to be intoxicating can not be had under that amendment. From a practical standpoint, therefore, the outcry against prohibition can have only one effect, and one only—that is to encourage resistance to and violation of the law. It is up to those who oppose prohibition to suggest a satisfactory alternative; otherwise opposition is unintelligent. If the question of repeal of the eighteenth amendment comes before Congress, Mr. Shelley will vote against repeal. This is the position of the Republican Party, upon which it carried the country in 1928, and carried Montana by a majority of more than 30,000. That the Republican rank and file of Montana have turned "wet" during the past two years does not seem probable, but your coming primary will permit a test of that question.

In conclusion, my acquaintance with Mr. Shelley runs back to the time when I assumed the secretaryship of the Republican National Committee in 1921, and during that time he has impressed me as a man of unusual qualifications for political and public service. As you know, he was the first man in the Rocky Mountain region to give a public statement in favor of Herbert Hoover for President. With yourself, he was active in behalf of Mr. Hoover's candidacy for the nomination at a time when most of the leaders of your State were quiescent or in opposition. Knowing his capabilities and the already expressed opinion of Montana Republicans on the issues he represents, I am satisfied that his race for the senatorial nomination will prove a surprise to many of the political "old-timers" of your State, and I shall expect to hear from you stating that he has been nominated on the night of your primary.

Very truly yours,

GEORGE B. LOCKWOOD.

AMENDMENT OF MERCHANT MARINE ACT

The Senate resumed the consideration of the bill (H. R. 9592) to amend section 407 of the merchant marine act, 1928.

The VICE PRESIDENT. The question is on the amendment of the Senator from Tennessee [Mr. McKELLAR].

Mr. HARRISON. Mr. President, let the amendment be reported.

The VICE PRESIDENT. The amendment will be reported for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Tennessee moves, on page 4, line 5, after the word "thereby," to insert the following proviso:

Provided, That the Postmaster General shall not enter into any such contract with any person, firm, corporation, or association which is, directly or indirectly, through any subsidiary, associated or affiliated person, firm, corporation, or association, or as a holding company or through stock ownership, or otherwise, operating, or controlling the operation of, any foreign-flag ships in competition with any American-flag ships. If the Postmaster General hereafter enters into any contract under this title for carrying mail and the holder of a contract thereafter violates the terms of this proviso, said contract shall thereupon become null and void. The Postmaster General shall submit to the Shipping Board the question of the eligibility of each applicant for a mail contract under the terms of this proviso; and, if after the award of such a contract, any question arises as to whether the holder of such a contract is violating the terms of this proviso, the Postmaster General shall likewise submit such question to the Shipping Board. The Shipping Board shall determine and certify to the Postmaster General its findings with respect thereto. Such findings and certification by the Shipping Board shall be conclusive upon all parties.

He shall include in such contracts such requirements and conditions as in his best judgment will insure the full and efficient performance thereof and the protection of the interests of the Government. Performance under any such contract shall begin not more than three years after the contract is let, and the term of the contract shall not exceed 10 years.

Mr. McKELLAR. Mr. President, after the exciting incidents of the last half hour I do not know whether or not the Senate can get its mind back on prosaic matters. The question of spending the Government's money by subsidizing foreign-controlled ships is a very prosaic one after the excitement which we have just been through. Predictions have been made on both sides, I believe, as to whether or not the tariff bill has been killed by the ruling which has been made by the Vice President. I hope it has been killed. This is no time to pass such a tariff bill. The rates which have been inserted in it are entirely out of line with those which the President recommended; he is not satisfied with the measure, and I hope he may have the courage to veto it should it ever come to him; but I do not think he has the courage to do so. I do not believe that the President will dare to veto a tariff bill which has been passed by Congress. I know, however, that if I were President of the United States and had made a recommendation such as President Hoover made last year as to what kind of a tariff bill I desired enacted, and Congress sent to me the kind of a billion-dollar Grundy tariff bill, a repudiated Grundy tariff bill such as the one now pending, were sent to me, I would veto it as certain as that I am standing here; and I hope the President will veto the bill if it should ever reach him.

Mr. CARAWAY. Mr. President, why does the Senator from Tennessee bring in the name of GRUNDY? That name has been expunged from this tariff bill.

Mr. McKELLAR. While it has been expunged by the people of Pennsylvania, while Mr. GRUNDY has been repudiated by the people of that State, which is one of the greatest protective-tariff States in the Union, still, whatever may come, that bill will bear the name of Mr. GRUNDY, and justly so, because Mr. GRUNDY had put into the bill the inordinately high rates which the bill carries. By all means, the bill should be defeated. I hope it may be, and I expect to vote against it.

Mr. President, on yesterday when the Senate adjourned we were considering the bill which is known as the White bill, having for its purpose to subsidize foreign-controlled ships. We need not try to dissemble the matter; we might just as well look it straight in the face. The purpose of the postal subvention act of 1928 was to give the Postmaster General the right to subsidize American ships, and now, under the so-called White bill, it is proposed to extend that subsidy to such ships as may be controlled by foreign owners or to ships having interlocking directorates or having interlocking control of any kind. I am opposed to the bill unless the amendment which has just been read by the clerk be adopted. In order that there may not be any doubt as to its purport in the minds of those

Senators who are here, I want to read the salient provisions of the amendment which I have offered:

Provided, That the Postmaster General shall not enter into any such contract with any person, firm, corporation, or association which is, directly or indirectly, through any subsidiary, associated or affiliated person, firm, corporation, or association, or as a holding company or through stock ownership, or otherwise, operating, or controlling the operation of, any foreign-flag ships in competition with any American-flag ships.

As I explained on yesterday, when the Senator from Louisiana [Mr. RANSDELL] expressed so much consideration for the Mississippi Shipping Co., under the facts set forth by him, I have no objection in the world to Congress approving a proper contract with that company; but that is not the purpose of this bill. The purpose of this bill is to let down the bars, and to provide that foreign shipping companies in competition with American ships may receive a subsidy. To that, I am unalterably opposed. I am convinced that when the facts which I have before me shall have been brought to the attention of the Senate it will never agree to that provision of the bill.

I was discussing yesterday the Export Steamship Corporation. The transportation of the mail by that line could have been procured for less than $43,000, even on the basis of the poundage rate to American vessels; and, assuming the ratio continued for a year, the total would have been less than $60,000. However, the contract compensation of that company exceeds $700,000 for the 9-month period, or $630,000 more than the cost of transporting the mail.

It was this company I believe that in 66 voyages carried less than 4 pounds of first-class mail—probably not a half a dozen letters to the voyage—and yet the Government entered into a contract calling for the payment of a million dollars a year for transporting that small volume of first-class mail. The other mails carried were greater in poundage but probably of less importance.

It is recognized that compensation under this award was not intended by the department as legitimate payment for the transportation of mail, but rather as an aid for the maintenance of the service. I am not here discussing the legality of a contract made primarily for that purpose; I cite the facts for the purpose of showing that "compensation" has no logical relation either to the financial necessities of the service or to the value of the service rendered.

As the annual operating deficits of the company average less than $315,000, the Government is presenting the company with a subvention amounting to more than three times its deficit. It is thus not only underwriting the deficit, but it is also presenting the company with $700,000 annually, which are available for dividends. Yet in some quarters such methods are described as being designed to build up the American merchant marine. It is impossible, Mr. President, for them to have any such effect.

Mr. President, as a dividend, what does the payment of $700,000 annually to this little company mean? Obviously, the company's good will is of small value, apart from its postal contract. Based, therefore, on the actual cash investment in the properties of the line, the Government's contribution yields the company more than 20 per cent as a dividend on its investment. What could be more delightful to the promoter than to organize a small company, buy ships from the Government at a nominal cost, and then have the Government pay, under a contract that is of no value to anyone except the company, 20 per cent dividends on the investment paid in. To use a slang expression, that might be called "pretty soft"; and yet that is what is being done by the Postmaster General under these contracts in connection with which the law requires publicity and advertisement before they shall be awarded; but this bill seeks to eliminate the provision requiring publicity and advertising, and allows the Postmaster General to make the contracts secretly. What are we coming to!

Mr. President, these criticisms in which I have indulged have been based on the financial statements of the company. I believe they are correct; but their accuracy is not entirely above challenge, especially from the point of view of the equities of the company's claim for a subsidy on the scale which it is obtaining. For instance, the annual deficits to which I have referred include a disbursement of $300,000 for the purchase of the Steers Terminal Co.

The facts of this transaction are that the Steers Terminal Co. was owned by the owner of the Export Steamship Corporation; it was purchased by him subsequent to his purchase of the line from the Shipping Board. He paid $50,000 for the terminal, and resold it—talk about high finance!—to the Export Steamship Corporation for $300,000, thus realizing a profit of $250,000, at the expense of the line's balance sheet.

Practically all revenue of the Steers Terminal Co. comes from the patronage of the Export Steamship Line; and where does the Export Steamship Line get its revenue? Why, from the Government contracts for carrying the mails to Mediterranean ports. It has been seen that they carried 4 pounds of first-class letter mail on 66 voyages, and yet the Government is paying them a million dollars a year—a million dollars a year—and we actually have to make a fight to keep that thing from going on. It seems to me that we ought to rise up as one man and prevent any such deals as that.

I proceed, Mr. President.

I doubt the right of an owner to seek favors from the Government and support his claims by alleging operating deficits which are greater by $250,000 because of a transaction like that mentioned. This item is not the sole respect in which the expenditures are subject to criticism. For instance, subsequent to the award of a postal contract the owner-president placed his salary at $100,000 a year.

What was the name of this Boston man who was prosecuted for high finance some years ago? I have forgotten.

Mr. GLASS. Lawson?

Mr. McKELLAR. Oh, Lawson was a piker. There was another man up there, named Ponzi, who was engaged in high finance; and Lawson was a mere piker as compared with him. Here is a man who buys a ship at a nominal price from the Government, gets a million dollar postal contract, carries 4 pounds of letter mail on 66 voyages and on all his other business has a deficit, but is able to pay a 20 per cent dividend and at the same time pay himself a salary of $100,000 a year, and we are permitting it to be done. I can not understand how even my friend from Louisiana [Mr. RANSDELL] and my friend from New York [Mr. COPELAND] could possibly want to continue a situation of that kind.

The circumstances attending the award of this contract were substantially as follows. I will show you how it was done:

An advertisement was inserted on June 9, 1928. By the way, this bill was approved by the President on May 22. An advertisement was inserted on June 9, 1928, requiring bids to be filed by July 9, 1928, specifying vessels and terms with which no company or person as a practical fact could comply except the Export Steamship Corporation. There could therefore be but one bid. The bidder knew he would not have and could not have any competition. He therefore named the maximum rate, and because he was the lowest bidder the contract was awarded to him; and, yet, it is asked here by the proponents of this bill, unamended, to permit that to go on in the future.

I think the act has provisions intended to protect the Government which were not adequately applied. I do not think the Postmaster General ought to have agreed to any such contract. I do not think he ought to have advertised in any such way. I do not think he ought to have let a contract in any such way. I doubt if there is any actual consideration for this contract. Think of it—allowing the president of the company $100,000 a year salary, and allowing this enormous sum of a million dollars a year as a subsidy for building ships when there are no ships built!

In order that there might be ample time to prepare advertisement, and ample time for citizens to consider whether they were interested, and, if so, ample time to develop financial and physical plans on which to base a bid, the act provided that existing contracts under the act of 1920 could be extended an additional year. The Export Steamship Corporation held such a contract, but this provision was not availed of. Instead, bids were required to be presented within 30 days, and under the terms of the advertisement the commencement of the postal service might be, and was in fact, required within one month.

I make the statement here, and I do not believe it can be gainsaid, that we have contracts with fast steamers across the ocean in the Mediterranean service that are now performing this work, and there ought not to have been any contract let; and yet my distinguished friend from Louisiana and my distinguished friend from New York are asking us to do away with the poor, meager, little advertisement and little publicity that is given under the present law, and to allow the Postmaster General who entered into this contract to do it secretly hereafter. They do not even have to let them know for 30 days. They do not even have to fix the contract so that only one bidder can bid. There might be some slip up on one bidder, and therefore it is best not to have any bidding at all.

The Export Steamship Corporation was the only concern having available the vessels and equipment with which to commence the service within that very brief time. Why, of course, it was all arranged beforehand. There is not any doubt about it.

It was under these circumstances that this maximum bid was made; and I call attention here again to the act itself. It provides for maximum bids, and the Postmaster General makes the maximum bid. It gives the rates for maximum bids and the rate of compensation to be paid, to be fixed by the contract. It provides that such rates shall not exceed, for vessels of class 7, $1.50 per nautical mile; for vessels of class 6, $2.50 per nautical mile; for vessels of class 5, $4 per nautical mile; for vessels of class 4, $6 per nautical mile; for vessels of class 3, $8 per nautical mile; for vessels of class 2, $10 per nautical mile; and for vessels of class 1, $12 per nautical mile. I am going to have somebody who is a real mathematician figure up how much it cost the United States Government, through the Postmaster General, to ship those 4 pounds of letters to the Mediterranean Sea on 66 voyages in one year. I imagine it cost a thousand times more than the value of all 4 pounds of letters.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. COPELAND. Why not give up our American merchant marine, then, and send all of our mail by the cheapest possible route?

Mr. McKELLAR. We are giving up our American merchant marine when we undertake to subsidize foreign-controlled ships. We are doing it. We all know we are doing it. The Shipping Board is undertaking to get it into foreign hands as fast as it is possible to do so. These vessels are not required to fly the American flag longer than five years under any circumstances, and at the end of five years their owners can sell the ships to foreign companies, and they will be sold to foreign companies. The only ones we will ever have will be in the coastwise trade and such ships as we give a subsidy of this kind to. We are not building up a merchant marine. When we permit, if we do permit, by this bill the Postmaster General to let these contracts, they will be let to companies like the International Mercantile Marine, whose vessels are required to be put into British service in the event of war. They can not be used for any purpose of our own during the war. They must go under the contract to the British Government, and we are subsidizing them!

Mr. CARAWAY. Mr. President, will the Senator yield to me there?

Mr. McKELLAR. I yield.

Mr. CARAWAY. If we had trouble with England, it would be rather interesting if a ship flying the British flag should be sinking our merchant marine and yet carrying a subsidy from us.

Mr. McKELLAR. Why, of course. If it were done quickly, that actually would occur. I hope to Heaven we may never have another war of any kind with any nation. I certainly hope we shall never have one with Great Britain; but, if we do, the vessels of the International Mercantile Marine are under contract to be put into the British service and not into the American service, and we shall find them manned with guns and sinking our own merchant vessels, such as we have left.

This company has in fact commenced building four new vessels for this service. It very properly sought a loan from the construction loan fund in aid of their construction? Yes; they want some new vessels. Are they going to build them themselves? No. Are they going to take any part of this $100,000 to build them? No. Are they going to take any part of the dividends that they get from the Government contract? No. They are going to the Government construction fund, and the Government is going to build their vessels, to be operated by a subsidy.

The subventions from the Government to this company, including the price concessions on the vessels sold, are so large that they will apparently cover all operating differentials and deficits of the line, the entire cost of the new vessels—including, therefore, the repayment of the entire loan and interest—and will have yielded an annual dividend. The company will thus be presented with four new vessels, in addition to having its annual deficits underwritten, and an annual dividend substantially assured. If Congress decides on a policy of subsidizing selected lines only, the generous treatment accorded to this company is an apt illustration of the possible results.

Now, Mr. President, I come to the American Line Steamship Corporation.

Mr. COPELAND. Mr. President, before the Senator leaves the International, he called in question yesterday what I said about the interference by President Wilson with the sale of the ships owned by that company.

Mr. McKELLAR. Yes.

Mr. COPELAND. I desire to read to the Senator a very brief letter, one sentence, written by President Wilson on the 18th of November, 1918:

DEAR MR. FRANKLIN: With regard to the sale to the British Government of the International Mercantile Marine, may I not request that no action be taken in the matter until the views of this Government are fully presented and considered?

Very sincerely yours,

WOODROW WILSON.

Then, following that letter——

Mr. McKELLAR. What is the date of that letter?

Mr. COPELAND. November 18, 1918.

Mr. McKELLAR. Yes. The war had just closed. It had been on for nearly two years and conditions were very different.

Mr. COPELAND. The fact is that following this letter of President Wilson, the Shipping Board—at the instigation, I suppose, of the President—went to the International and made an offer for these ships, and the offer was accepted; and in the meantime the war ended, and the Government went back on its offer.

I think a plain, ordinary sense of justice on the part of the American people should make every citizen know that the International had a raw deal from the Government, and now it is undertaking, out of profits made by these British ships, to build American ships, and when the Senator talks about those American-made ships afterwards going into foreign hands, that is absurd, because it costs almost twice as much to build a ship in an American shipyard as in a British shipyard, or in any other foreign shipyard. Consequently, no American-made ship will ever be sold to a foreign nation unless bankruptcy faces the American concern so that it has practically to give away the ships.

Mr. McKELLAR. Mr. President, in the first place I want to say this about the International Mercantile Marine. There was a Senate investigation of that concern during the war, if I remember correctly, and it was found that even during the war Great Britain had the right to call on the International Mercantile Marine, under contract, to turn ships over to her for war purposes or for any other purpose.

Mr. COPELAND. Mr. President, if the Senator will yield, I want to say that that is true. He does not have to prove that, as far as I am concerned. I admit that, and that is the case to-day.

Mr. McKELLAR. Just one moment. I know the Senator will admit it because it has been proved beyond the shadow of a doubt that those contracts existed then and that such contracts exist now. And here we are asked to pass a bill which will allow an official of our Government secretly to give subsidies, enormous subsidies, if you please, to this company to aid it in building up ships which may be turned on our Government in time of war.

It is said that we ought to do that because President Wilson asked that these ships not be sold to other countries after the war. If President Wilson or any other official of the Government made a contract with the International Mercantile Marine—even an equitable contract, even a contract which squinted at equity—everybody knows that the Congress would repay the International Mercantile Marine for any loss it might sustain; but surely such a fact does not warrant the Congress in permitting subsidies to be paid to this institution. So much for that for the present.

Some suggestion was made yesterday, which I want to clear up, as to American steamers owned and operated by the Munson Line and foreign steamers operated by that line. The Munson Line, by the way, is the line in competition with the Mississippi Co. for the contract in question. It has 31 American ships——

Mr. COPELAND. Twenty-eight.

Mr. McKELLAR. Twenty-eight American ships, and it has 147 foreign-flag ships.

Mr. COPELAND. Mr. President, I know the Senator wants to be fair. The Munson Line owns 28 American ships——

Mr. McKELLAR. Yes.

Mr. COPELAND. And two foreign ships. It charters and operates from time to time foreign ships.

Mr. McKELLAR. They are sailing under foreign flags; they have foreign sailors; they are controlled by foreign governments. They are not under the control of the American Government at all, and there are 147 of them. I am reading from pages 190, 191, 192, and 193 of the record, so that there can not be any doubt about it. It is admitted, it is unquestioned, and there can not be any doubt about it. Yet the Postmaster General comes here and says that he can not give this contract to the Mississippi Co., operating out of New Orleans, because the Munson Line, with 147 foreign-flag ships and 28 American only, and foreign to that extent, is applying for it.

It seems to me that the Postmaster General under the law should say: "I can not accept a bid from a foreign-controlled

organization of this kind, an organization which is floating 147 foreign flags and only 28 American flags, and they in the coastwise trade, where it is unlawful to float a foreign flag."

By the way, while I am about it, I shall read the testimony of Mr. Munson himself in just a moment. I will turn to it.

Mr. COPELAND. It is on page 64.

Mr. McKELLAR. No; it is a little farther than that, I think. Mr. Munson himself testified as follows:

My name is Frank C. Munson; president of the Munson Steamship Line.

I would like to begin by stating, Mr. Chairman, for obvious reasons, that I am president of a company which has existed for 54 years with a 100 per cent American capital and 100 per cent American personnel. We are the owners of 26 vessels under the American flag and 3 vessels under foreign flag, which 3 steamers were built or purchased by our company with the sole object of learning how the foreigner operates his ships in as economical and cheap a manner as he does, so that the American ships which we own and operate might be more efficiently and better run and thereby better able to compete with the foreign-flag ship.

He does not say a word about the 147 vessels he has chartered and owns, to all intents and purposes, all flying foreign flags. Then he goes on to say:

I believe the principles of this bill are sound.

He is talking about the White bill.

As far as we are concerned, we have learned from the foreign-flag ships now owned methods of operation which have been beneficial to all of our personnel throughout the company without exception, and we are ready to sell or to transfer those three vessels to the American flag, believing that is what should be the progress of events under the Jones-White Act and the 1920 act.

I read further from his testimony as found on page 90 of the House hearings:

Mr. DAVIS. Mr. Munson, as you suggested, you are operating a service between New York and the principal ports of the east coast of South America?

Mr. MUNSON. Yes.

Mr. DAVIS. Now, do you not think it would be unfair to you and unfair to the American merchant marine for the Shipping Board to come along and grant one or more valuable mail aids to some company, or some other service, when that same company are and would be permitted to operate foreign-flag ships in competition with your American-flag ships in that particular trade?

Mr. MUNSON. I do.

The Senator is helping protect the steamship line and Mr. Munson, and here is Mr. Munson taking an absolutely contrary position to the one taken by the Senator. He says that if he has American ships, and if American ships are engaged in this trade, subsidies should not be granted foreign ships in competition with such ships.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. COPELAND. The Munson Line started with only one boat, which cost $16,000. It has operated its line so well that it now owns 28 American-made vessels, worth $16,000,000. The Mississippi Line, out of the Gulf, the line which will get this contract provided the Ransdell bill passes, has vessels which were built by the Munson Line and requisitioned by the United States Government during the war, and then sold away from the Munsons.

Mr. McKELLAR. They were paid for them. The United States Government paid for the ships when they took them and paid an enormous price, because they had to get them at war prices. That does not make any difference. Let me call the Senator's attention to what does matter. The Senator is talking about the great riches the Munson Line have made, and I say, all honor to them; I am glad for their success. But they do not need these subsidies. We would not be helping them build an American merchant marine by giving them these subsidies, but we would just be adding to their already great wealth. This bill provides for helping the needy in the shipping business, and not for helping those who are already not only able to help themselves, but are overflowing with riches. They are paying splendid dividends. They are doing a splendid business. Yet the Senator, by opposing the proposed amendment, would make it possible for this great line, sailing 150 ships under foreign flags, to get these bounties to which they are not entitled.

Mr. COPELAND. Mr. President, will the Senator yield further?

Mr. McKELLAR. I yield.

Mr. COPELAND. The Senator must know this, that in case the Mississippi Line gets this subvention——

Mr. McKELLAR. I have no objection under heaven to the Mississippi Line getting it. If that was what was in this bill it would be passed by unanimous consent. But that is not what is in this bill. It is not the purpose of the bill. This bill, the Senator must know if he has ever put his splendid mind on it, has not for its purpose the helping of the Mississippi Line, except as a mere incident. They think it is easier to get what they want that way. They have a provision here——

Mr. COPELAND. Who are "they"?

Mr. McKELLAR. The Postmaster General and the Shipping Board. They want to get publicity done away with. They want to be able to let these contracts without the public knowing anything about it, to bestow these subsidies. They want to let them to foreign-controlled companies, as well as to American-controlled companies, and I say that if the Senator will just induce the Senator from Louisiana to do away with that provision of this bill, or if he will apply it merely to the Mississippi Line, he can get it through by unanimous consent. But when he undertakes virtually to repeal the subsidy act, which has already been passed, except that which authorizes the appropriation of the money, taking away all the safeguards from it, then I can not go with him.

Mr. COPELAND. Mr. President, if the Senator will yield, the purpose of this bill is to permit an American-owned concern down in New Orleans to operate some American ships. That is what it is for.

Mr. McKELLAR. Oh, no.

Mr. COPELAND. If this bill is not passed, the Munson Line will get this subsidy, because the law makes it necessary for the Postmaster General to give it to them. So the Senator from Tennessee is here laboring day after day to defeat this American line down in New Orleans in order that the line from my State will get the contract; and, of course, I hope they will get the contract, although I have said that I am willing to vote for the White bill.

Mr. McKELLAR. Is there a single word in this bill about the Mississippi Co.? Is there a suggestion about the Mississippi Co. in this bill? All this does is to let down the bars to the Postmaster General and the Shipping Board to do away with advertising, to do away with publicity, and allow the Postmaster General to grant these subsidies on lowest bids, or highest bids, or any other bids he sees fit to accept coming within the maximum limits of the law. That is the purpose of the bill.

I know the Senator from Louisiana expects to get the Postmaster General to exercise his discretion and give the Mississippi Co. this contract, but it will depend entirely upon the Postmaster General if we pass this bill. There is nothing in the bill that would help the Mississippi Line. There is nothing in the bill that would force the Postmaster General to give the Mississippi Co. this contract. I am perfectly willing, and I have so stated a dozen times on this floor, to join in any legislation that will give that contract to the Mississippi Co., because it seems to me that under the facts stated they are entitled to it.

But in order to get it, what price are we paying for it? We are throwing the bars down and arranging that the Postmaster General and the Shipping Board can give these subsidies to whomsoever they please, secretly, without any publicity, without the American people knowing about where their money is going, the only minimum being the maximum limit stated in the bill. It ought to be so plain and clear that no Senator could possibly vote the other way.

Mr. COPELAND. Mr. President, will the Senator yield.

The PRESIDING OFFICER (Mr. COUZENS in the chair). Does the Senator from Tennessee yield to the Senator from New York?

Mr. McKELLAR. I yield.

Mr. COPELAND. The Postmaster General himself has been before the committee. He has made it perfectly clear to us that under the law as it is he must give this contract to the lowest bidder.

Mr. McKELLAR. He already has the bid, and has had it for a long time. If he must do that under the law, why is he violating the law as he is? Why does he not carry out the law?

Mr. COPELAND. Because under another section of the law, by reason of a conflict, the local people must be given first consideration.

Mr. McKELLAR. Why not do it then? Anybody in the world who would look at that contract and who wanted to do the right thing must know it is their bid. The only thing in the Mississippi business is that it is used as a buffer to get the law amended so as to satisfy the purposes of the Shipping Board and the Postmaster General in giving these subsidies. We might as well be frank about the matter. Previously there

were some strings attached to it. We had to have publication, and while they made publication, they did it very adroitly, as was shown by the investigations, whereby the only company that could bid is the company to which they want to give the contract; and yet even that is too much publicity and they want to have it secretly done.

I want to read again how the present owner of the Munson Line, I think the chief owner, if I am correctly informed, views this situation and differs from the two Senators now before me, the Senator from Louisiana [Mr. RANSDELL] and the Senator from New York [Mr. COPELAND].

Mr. DAVIS. Mr. Munson, as you suggested, you are operating a service between New York and the principal ports of the east coast of South America?

Mr. MUNSON. Yes.

Mr. DAVIS. Now, do you not think it would be unfair to you and unfair to the American merchant marine for the Shipping Board to come along and grant one or more valuable mail aids to some company or some other service when that same company is and would be permitted to operate foreign-flag ships in competition with your American-flag ships in that particular trade?

Mr. MUNSON. I do.

He thinks it is unfair. If Mr. Munson himself thinks it is unfair, how can the Senator from Louisiana object to a provision in the bill which declares it unfair?

Mr. DAVIS. You do not think we ought to do that, do you?

Mr. MUNSON. I do not; no.

Mr. DAVIS. And, of course, if it would not be right in your case it would not be right in anybody's case?

Mr. MUNSON. No; not in any case.

Mr. DAVIS. Now, you understand, of course, this bill is restricted to the operation of foreign-flag ships in competition with American-flag ships?

Mr. MUNSON. I do.

I commend this testimony of Mr. Munson to the Senate. I do not see how he could have answered the question in any other way. If we were to put the Senator from New York [Mr. COPELAND] and the Senator from Louisiana [Mr. RANSDELL] on the stand and ask the same question, they would be obliged to answer in the same way; yet when they vote against my amendment they will be voting directly contrary to this testimony and contrary to what their own testimony would be if they should testify.

Mr. DAVIS. And, of course, you or any other American operator who now has or shall receive a mail contract could still operate foreign-flag ships anywhere he wanted to, so far as this bill is concerned, so long as they did not compete with American-flag ships owned by other American citizens.

Mr. MUNSON. I do understand that.

Mr. DAVIS. And referring to the Cuban trade, there are American-flag ships operating in that trade?

Mr. MUNSON. There are.

Mr. DAVIS. If there are not, why, the law does not apply; the law places no ban on them. Now, so far as the three small ships under foreign flags which you own, of course you could transfer those to American registry any day you wanted to?

Mr. MUNSON. Yes, sir.

Mr. DAVIS. Granting, of course, that they would not be eligible, even under the present law, for the transportation of the United States mail under a mail contract?

Mr. MUNSON. No; they would not.

Those which are not eligible for mail contracts operate under a foreign flag.

Mr. DAVIS. But otherwise you could transfer them to American registry and operate them just as they are operated now?

Mr. MUNSON. I understand that.

Mr. DAVIS. Or anywhere else you wanted to?

Mr. MUNSON. Yes, sir.

Mr. President, I next come to the statement of Mr. Doswell. Here are the kinds of ships to which the Postmaster General is now giving contracts:

Mr. DOSWELL. The picture is this: That if we were not in the common-carrier business we would go out and get the cheapest hooker we could find and handle the banana business, but this service enables us to operate a better common-carrier business than we could get in the other way if we did not have the banana business.

Mr. REID. And your banana business is profitable in itself?

Mr. DOSWELL. Yes; and the steamship business is profitable or we would not be in it.

Mr. REID. So both are profitable?

Mr. DOSWELL. Naturally.

Mr. REID. And whatever money you make out of stores, that makes you money, and, in the language of the street, that is gravy?

Mr. DOSWELL. No.

Mr. REID. You would run your lines anyhow?

Mr. DOSWELL. Yes; but we would not run the same type of service. The Norwegians will bring bananas up here to a certain extent.

Mr. ABERNETHY. Then that brings us down to the milk in the coconut. As a matter of fact, your shipping operations are profitable, are they not?

Mr. DOSWELL. They have been so.

Mr. ABERNETHY. And you do not need Government aid?

Mr. DOSWELL. To build ships in this country we would need Government aid.

They get that under another clause.

Mr. ABERNETHY. Not to run your business at a profit.

Mr. DOSWELL. Let me state again, as a cold business proposition; if you can do your business with a ship that costs $1,000,000, would you go somewhere else and pay a million and a half for a ship?

Mr. ABERNETHY. I want to be fair to you.

Mr. DOSWELL. I think you do.

Mr. ABERNETHY. I want to say I am more disposed toward you than some other members of the committee.

Mr. REID. You do not mean to say I am indisposed toward him, do you?

Mr. ABERNETHY. No; not that.

Mr. REID. I am friendly with him.

Mr. ABERNETHY. Certainly.

Mr. REID. But he can not tell it from my conversation.

Mr. ABERNETHY. But the point I want to make clear is that your ship operations are profitable to the company at the present time?

Mr. DOSWELL. Yes, sir.

Mr. ABERNETHY. And you do not need Government aid to conduct that, do you?

Mr. DOSWELL. We have been successful so far without Government aid.

And yet this is the kind of a shipping concern to which we are called upon to pay millions of the people's money in the way of a subsidy.

Mr. TYDINGS. Mr. President, will the Senator yield to enable me to make the point of no quorum?

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Maryland for that purpose?

Mr. McKELLAR. I yield.

Mr. TYDINGS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll twice, and the following Senators answered to their names:

Ashurst	Frazier	McMaster	Sheppard
Barkley	Gillett	McNary	Smoot
Black	Glenn	Metcalf	Sullivan
Blaine	Greene	Norris	Tydings
Borah	Hastings	Nye	Vandenberg
Bratton	Heflin	Overman	Wagner
Capper	Howell	Pine	Walcott
Connally	Johnson	Ransdell	Walsh, Mont.
Copeland	Jones	Robinson, Ark.	Watson
Couzens	Keyes	Robinson, Ind.	
Cutting	La Follette	Robsion, Ky.	
Deneen	McKellar	Schall	

The PRESIDING OFFICER (Mr. NYE in the chair). Forty-five Senators having answered to their names, a quorum is not present.

Mr. McNARY. Mr. President, I had hoped we could develop a quorum and conclude the debate upon the pending unfinished business. Unless the Senator from Tennessee has concluded his remarks——

Mr. McKELLAR. No; I have not; and there will be some other speeches on the bill.

Mr. VANDENBERG. I think it would be impossible to conclude the consideration of the bill to-night.

Mr. McKELLAR. It would be absolutely impossible.

Mr. McNARY. I inquire if the Senator from Louisiana has concluded his remarks?

Mr. RANSDELL. Mr. President, I will say that many Senators have appeared since the roll was called the first time. They are in the room now.

Mr. McNARY. I should like to go forward until 5 o'clock, if we could develop a quorum.

The PRESIDING OFFICER. The Chair will hold that no debate is in order while a quorum is being awaited.

Mr. LA FOLLETTE. Regular order!

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. How many are lacking to constitute a quorum?

The PRESIDING OFFICER. Four are lacking.

Mr. McNARY. And there have been two roll calls.

The PRESIDING OFFICER. There have been two roll calls.

ADJOURNMENT

Mr. McNARY. Mr. President, it seems impossible to go forward, and so I move that the Senate adjourn until 12 o'clock to-morrow.

The motion was agreed to; and (at 4 o'clock and 20 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, May 28, 1930, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 27 (legislative day of May 26), 1930

PROMOTIONS IN THE NAVY

Midshipman Oakleigh W. Robinson to be an ensign in the Navy, from the 5th day of June, 1930.

POSTMASTERS

ARKANSAS

William I. Fish to be postmaster at Dumas, Ark., in place of W. J. Rice, deceased.

Isaac J. Morris to be postmaster at Mountain Home, Ark., in place of I. J. Morris. Incumbent's commission expires June 12, 1930.

Robert P. Jorden to be postmaster at Norman, Ark., in place of R. P. Jorden. Incumbent's commission expires June 14, 1930.

Lela L. Henderson to be postmaster at Waldron, Ark., in place of L. L. Henderson. Incumbent's commission expired May 12, 1930.

CALIFORNIA

Robert G. Isaacs to be postmaster at Montague, Calif., in place of R. G. Isaacs. Incumbent's commission expires June 3, 1930.

Frank C. Pollard to be postmaster at Yreka, Calif., in place of F. C. Pollard. Incumbent's commission expires June 3, 1930.

CONNECTICUT

Elbert W. Scobie to be postmaster at Orange, Conn., in place of E. W. Scobie. Incumbent's commission expired December 16, 1929.

GEORGIA

James W. Long to be postmaster at Ashburn, Ga., in place of J. W. Long. Incumbent's commission expired May 20, 1930.

George W. McKnight to be postmaster at Camilla, Ga., in place of G. W. McKnight. Incumbent's commission expired March 3, 1929.

Leila W. Maxwell to be postmaster at Danville, Ga., in place of L. W. Maxwell. Incumbent's commission expired December 18, 1929.

Hugh C. Register to be postmaster at Hahira, Ga., in place of H. C. Register. Incumbent's commission expired December 14, 1929.

Bell Bayless to be postmaster at Kingston, Ga., in place of G. B. Hulme. Incumbent's commission expired January 8, 1929.

Venter B. Godwin to be postmaster at Lenox, Ga., in place of V. B. Godwin. Incumbent's commission expired December 14, 1929.

John E. Jones to be postmaster at Lula, Ga., in place of J. E. Jones. Incumbent's commission expired December 14, 1929.

Sarah K. Scovill to be postmaster at Oglethorpe, Ga., in place of S. K. Scovill. Incumbent's commission expired May 7, 1930.

Gertie B. Gibbs to be postmaster at Ty Ty, Ga., in place of M. D. Thompson. Incumbent's commission expired December 10, 1928.

John W. Westbrook to be postmaster at Winder, Ga., in place of J. W. Westbrook. Incumbent's commission expired May 17, 1930.

Daniel M. Proctor to be postmaster at Woodbine, Ga., in place of D. M. Proctor. Incumbent's commission expired December 14, 1929.

William H. Flanders to be postmaster at Swainsboro, Ga., in place of W. H. Flanders. Incumbent's commission expired December 18, 1929.

HAWAII

Manuel S. Botelho to be postmaster at Honokaa, Hawaii, in place of M. S. Botelho. Incumbent's commission expired March 22, 1930.

IDAHO

Paul Bulfinch to be postmaster at American Falls, Idaho, in place of Paul Bulfinch. Incumbent's commission expired January 8, 1930.

ILLINOIS

Helen N. Haugh to be postmaster at Atkinson, Ill., in place of H. N. Haugh. Incumbent's commission expires June 3, 1930.

Harold M. Brown to be postmaster at Brownstown, Ill., in place of H. M. Brown. Incumbent's commission expired December 18, 1929.

Henry Snow to be postmaster at Maquon, Ill., in place of Henry Snow. Incumbent's commission expired May 18, 1930.

Harry B. Metcalf to be postmaster at Normal, Ill., in place of E. L. Buck. Incumbent's commission expired January 7, 1930.

INDIANA

Jesse E. Greene to be postmaster at Daleville, Ind., in place of R. N. Shroyer. Incumbent's commission expired December 15, 1929.

Roy M. Nading to be postmaster at Flat Rock, Ind., in place of R. M. Nading. Incumbent's commission expired December 15, 1929.

Percie M. Bridenthrall to be postmaster at Leesburg, Ind., in place of P. M. Bridenthrall. Incumbent's commission expired May 26, 1930.

Charles S. Dudley to be postmaster at Lewisville, Ind., in place of C. S. Dudley. Incumbent's commission expired February 23, 1930.

William S. Matthews to be postmaster at North Vernon, Ind., in place of W. S. Matthews. Incumbent's commission expired May 26, 1930.

Othor Wood to be postmaster at Waldron, Ind., in place of Othor Wood. Incumbent's commission expired March 25, 1930.

KENTUCKY

Iley G. Nance to be postmaster at Slaughters, Ky., in place of I. G. Nance. Incumbent's commission expired February 26, 1930.

MARYLAND

Charles D. Routzahn to be postmaster at Mount Airy, Md., in place of C. D. Routzahn. Incumbent's commission expired March 5, 1930.

Harry Bodein to be postmaster at Perry Point, Md., in place of Harry Bodein. Incumbent's commission expired January 26, 1930.

Edward M. Tenney to be postmaster at Hagerstown, Md., in place of E. M. Tenney. Incumbent's commission expires June 23, 1930.

Alice C. Widmeyer to be postmaster at Hancock, Md., in place of A. C. Widmeyer. Incumbent's commission expired April 3, 1930.

MICHIGAN

Lewis E. Kephart to be postmaster at Berrien Springs, Mich., in place of L. E. Kephart. Incumbent's commission expired April 5, 1930.

Bert E. Van Auken to be postmaster at Morley, Mich., in place of E. L. King, resigned.

MINNESOTA

Earl D. Cross to be postmaster at St. Cloud, Minn., in place of E. D. Cross. Incumbent's commission expires June 24, 1930.

MISSISSIPPI

Roy F. Bonds to be postmaster at Booneville, Miss., in place of G. H. Holley. Incumbent's commission expired March 2, 1930.

Leonard C. Gibson to be postmaster at Crawford, Miss., in place of L. C. Gibson. Incumbent's commission expired December 15, 1929.

Emmett L. Vanlandingham to be postmaster at McCool, Miss., in place of E. L. Vanlandingham. Incumbent's commission expired February 16, 1929.

Charles A. Barnette to be postmaster at Silver Creek, Miss., in place of E. M. Berry. Incumbent's commission expired December 15, 1929.

MISSOURI

Fred W. Niedermeyer to be postmaster at Columbia, Mo., in place of P. S. Woods. Incumbent's commission expired January 28, 1930.

Charles Updyke to be postmaster at Frankford, Mo., in place of R. G. Teague, resigned.

Alice N. Ferguson to be postmaster at Poplar Bluff, Mo., in place of E. E. Whitworth. Incumbent's commission expired December 18, 1929.

NEBRASKA

Ray H. Surber to be postmaster at Davenport, Nebr., in place of R. H. Surber. Incumbent's commission expired April 28, 1930.

Marguerite R. Tiehen to be postmaster at Dawson, Nebr., in place of M. R. Tiehen. Incumbent's commission expired May 5, 1930.

Mabel Schantz to be postmaster at Fort Crook, Nebr., in place of M. E. Rushart, deceased.

NEW HAMPSHIRE

Charles D. Grant to be postmaster at Wolfeboro, N. H., in place of A. W. Eaton, resigned.

NEW JERSEY

Melvin H. Roberson to be postmaster at Annandale, N. J., in place of M. H. Roberson. Incumbent's commission expired May 17, 1930.

John D. Hall to be postmaster at Clinton, N. J., in place of G. A. Hall, deceased.

NEW MEXICO

Effie C. Thatcher to be postmaster at Chama, N. Mex., in place of E. C. Thatcher. Incumbent's commission expired April 9, 1930.

NEW YORK

Walter E. Steves to be postmaster at New Rochelle, N. Y., in place of W. E. Steves. Incumbent's commission expires June 22, 1930.

Eugene H. Ireland to be postmaster at Palatine Bridge, N. Y., in place of E H. Ireland. Incumbent's commission expired May 14, 1930.

Lottie Allen to be postmaster at Perrysburg, N. Y., in place of Lottie Allen. Incumbent's commission expired February 4, 1930.

OHIO

Roy G. Sutherin to be postmaster at East Palestine, Ohio, in place of R. G. Sutherin. Incumbent's commission expired February 23, 1930.

John W. Switzer to be postmaster at Ohio City, Ohio, in place of J. W. Switzer. Incumbent's commission expires June 14, 1930.

Francis M. Birdsall to be postmaster at Hicksville, Ohio, in place of R. B. Birdsall, resigned.

OKLAHOMA

Oliver T. Robinson to be postmaster at Britton, Okla., in place of O. T. Robinson. Incumbent's commission expired January 21, 1930.

Ida White to be postmaster at Konawa, Okla., in place of Ida White. Incumbent's commission expired April 13, 1930.

OREGON

Ralph E. Hanna to be postmaster at Beaverton, Oreg., in place of W. L. Cady, removed.

Ethel N. Everson to be postmaster at Creswell, Oreg., in place of E. N. Everson. Incumbent's commission expired February 6, 1930.

Paris D. Smith to be postmaster at Nyssa, Oreg., in place of E. T. Leigh. Incumbent's commission expired December 21, 1929.

PENNSYLVANIA

Julia A. Ernest to be postmaster at Beavertown, Pa., in place of J. A. Ernest. Incumbent's commission expired April 13, 1930.

Emma Zanders to be postmaster at Mauch Chunk, Pa., in place of Emma Zanders. Incumbent's commission expires June 3, 1930.

Mabel M. Myer to be postmaster at Ronks, Pa., in place of M. M. Myer. Incumbent's commission expired May 4, 1930.

Johanna Priester to be postmaster at Wheatland, Pa., in place of Johanna Priester. Incumbent's commission expires June 10, 1930.

SOUTH CAROLINA

Ollie W. Bowers to be postmaster at Central, S. C., in place of O. W. Bowers. Incumbent's commission expires June 8, 1930.

SOUTH DAKOTA

Richard E. Scadden to be postmaster at White, S. Dak., in place of R. E. Scadden. Incumbent's commission expired May 4, 1930.

TENNESSEE

Emmett V. Foster to be postmaster at Culleoka, Tenn., in place of E. V. Foster. Incumbent's commission expired March 1, 1930.

TEXAS

Nora H. Kelly to be postmaster at Lockhart, Tex., in place of N. H. Kelly. Incumbent's commission expired May 12, 1930.

Charles C. Eppright to be postmaster at Manor, Tex., in place of C. C. Eppright. Incumbent's commission expired April 28, 1930.

William F. Borgstedte to be postmaster at Washington, Tex. Office became presidential July 1, 1929.

Mayo McBride to be postmaster at Woodville, Tex., in place of Mayo McBride. Incumbent's commission expires June 12, 1930.

VERMONT

Marion C. White to be postmaster at Cavendish, Vt., in place of M. C. White. Incumbent's commission expires June 16, 1930.

VIRGINIA

Rosalie H. Mahone to be postmaster at Amherst, Va., in place of P. H. Smith. Incumbent's commission expired March 18, 1929.

Thomas L. Woolfolk to be postmaster at Louisa, Va., in place of T. L. Woolfolk. Incumbent's commission expired April 1, 1930.

WEST VIRGINIA

William C. Bishop to be postmaster at Scarbro, W. Va., in place of W. C. Bishop. Incumbent's commission expired December 17, 1929.

Delta D. Buck to be postmaster at Sistersville, W. Va., in place of D. D. Buck. Incumbent's commission expired May 12, 1930.

WISCONSIN

Lloyd A. Hendrickson to be postmaster at Blanchardville, Wis., in place of L. A. Hendrickson. Incumbent's commission expires June 23, 1930.

Burton E. McCoy to be postmaster at Prairie du Sac, Wis., in place of B. E. McCoy. Incumbent's commission expires June 21, 1930.

HOUSE OF REPRESENTATIVES

TUESDAY, *May 27, 1930*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Infinite Love, so pure and boundless, we thank Thee that we are the ungrown children of Thy earthly household, looking upon ourselves as plants in the garden of our Lord. Bless us with the sense of things unseen, eternal, immutable, and more and more admit us into mysteries of Thy kingdom. O Spirit of Christ, dwell in our homes, the divine unit of society. where the soul develops its powers and learns to use its vision. O dwell in every heart, the ultimate shrine and temple of God. Make manifest in motherly arms Thy watchful care for every child and every hearthstone. As guardians of truth, honor, and purity, lead us on to the highest accomplishments of our spiritual natures. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment bills, a joint resolution, and a concurrent resolution of the House of the following titles:

H. R. 9412. An act to provide for a memorial to Theodore Roosevelt for his leadership in the cause of forest conservation;

H. R. 9804. An act to amend the World War adjusted compensation act, as amended, by extending the time within which applications for benefits thereunder may be filed, and for other purposes;

H. R. 11433. An act to amend the act entitled "An act to provide for the acquisition of certain property in the District of Columbia for the Library of Congress, and for other purposes," approved May 21, 1928, relating to the condemnation of land;

H. J. Res. 328. Joint resolution authorizing the immediate appropriation of certain amounts authorized to be appropriated by the settlement of war claims act of 1928; and

H. Con. Res. 34. Concurrent resolution requesting the President to return to the House of Representatives the bill (H. R. 3975) entitled "An act to amend sections 726 and 727 of title 18, United States Code, with reference to Federal probation officers, and to add a new section thereto."

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 6. An act to amend the definition of oleomargarine contained in the act entitled "An act defining butter, also imposing a tax upon and regulating the manufacture, sale, importation, and exportation of oleomargarine," approved August 2, 1886, as amended.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 10175) entitled "An act to amend an act entitled 'An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment,' approved June 2, 1920, as amended," disagreed to by the House; agrees to the

conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. METCALF, Mr. COUZENS, and Mr. WALSH of Massachusetts to be the conferees on the part of the Senate.

TO SUPPLY A DEFICIENCY IN APPROPRIATIONS FOR EMPLOYEES' COMPENSATION FUND

Mr. WOOD. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 346, to supply a deficiency in the appropriation for the employees' compensation fund for the fiscal year 1930.

The SPEAKER. The Clerk will report the joint resolution.

The Clerk read as follows:

House Joint Resolution 346

Joint resolution to supply a deficiency in the appropriation for the employees' compensation fund for the fiscal year 1930

Resolved, etc., That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $400,000 to supply a deficiency in the employees' compensation fund for the fiscal year 1930 and prior fiscal years, including the payment of compensation and all other objects of expenditure provided for under this head in the independent offices appropriation act for the fiscal year 1930.

The SPEAKER. Is there objection?

Mr. GARNER. Reserving the right to object, as I understand the request made by the gentleman from Indiana, it is an emergency matter and can not wait for the general deficiency bill?

Mr. WOOD. That is the fact.

The SPEAKER. Is there objection?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GRAND ARMY OF THE REPUBLIC MEMORIAL DAY CORPORATION

Mr. WOOD. Mr. Speaker, I ask unanimous consent for the present consideration of the joint resolution making appropriations for the Grand Army of the Republic Memorial Day Corporation for use on May 30, 1930.

The SPEAKER. The Clerk will report the House joint resolution.

The Clerk read as follows:

House Joint Resolution 349

House joint resolution making an appropriation to the Grand Army of the Republic Memorial Day Corporation for use on May 30, 1930

Resolved, etc., That the sum of $2,500 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the use of the Grand Army of the Republic Memorial Day Corporation to aid in its Memorial Day services, May 30, 1930, and in the decoration of the graves of the Union soldiers, sailors, and marines in the national cemeteries in the District of Columbia and in the Arlington National Cemetery, Va., to be paid to the treasurer of such corporation and disbursed by him in accordance with the act approved May 19, 1930.

The SPEAKER. Is there objection?

There was no objection.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EXPENSES OF THE MARINE BAND

Mr. WOOD. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 350, to provide funds for payment of the expenses of the Marine Band, attending the Fortieth Annual Confederate Veterans' Reunion.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House Joint Resolution 350

House joint resolution to provide funds for payment of the expenses of the Marine Band in attending the Fortieth Annual Confederate Veterans' Reunion

Resolved, etc., That the appropriation "General expenses, Marine Corps, 1930," is hereby made available to the extent of not to exceed $7,500, for payment of the expenses of the United States Marine Band in attending the Fortieth Annual Confederate Veterans' Reunion to be held at Biloxi, Miss., June 3 to 6, inclusive, 1930, as authorized by the act approved May 12, 1930.

The SPEAKER. Is there objection?

There was no objection.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

SIXTH PAN AMERICAN CHILD CONGRESS

Mrs. OWEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the House Joint Resolution 270, authorizing an appropriation to defray the expenses of the participation of the Government in the Sixth Pan American Child Congress, to be held at Lima, Peru, July, 1930, with a Senate amendment, and to concur in the Senate amendment.

The Clerk read the title to the bill and the Senate amendment, as follows:

Page 1, line 9, after "subsistence," insert "notwithstanding the provisions of any other act."

The SPEAKER. Is there objection?

Mr. LAGUARDIA. Reserving the right to object, that language was stricken out in the House?

Mrs. OWEN. It was reported as a Senate amendment.

Mr. LAGUARDIA. Yes; the Senate put in the language that was stricken out. For the present, Mr. Speaker, I object.

HOLABIRD QUARTERMASTER DEPOT MILITARY RESERVATION

Mr. LINTHICUM. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 9280) to authorize the Secretary of War to grant a right of way for street purposes upon and across the Holabird Quartermaster Depot Military Reservation, in the State of Maryland.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

H. R. 9280

A bill to authorize the Secretary of War to grant a right of way for street purposes upon and across the Holabird Quartermaster Depot Military Reservation, in the State of Maryland.

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to grant an easement for a right of way to the city of Baltimore, State of Maryland, to improve, widen, and maintain Twenty-seventh Street, to be known as Cornwall Street, on the Holabird Quartermaster Depot Military Reservation, Md., on such terms and conditions as the Secretary of War may prescribe: *Provided*, That the construction and maintenance of said thoroughfare shall be without expense to the United States, and whenever the lands within said right of way shall cease to be used for street or highway purposes, they shall revert to the United States.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

Mr. GARNER. Reserving the right to object, as I understand, this is a unanimous report from the Committee on Military Affairs.

Mr. LINTHICUM. It is.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD upon the subject of old-age pensions, and incorporate therewith an article appearing in the New Republic entitled "Freedom for the Aged."

The SPEAKER. The gentleman from Maryland asks unanimous consent to extend his remarks in the RECORD and to include therewith an article from the New Republic. Is there objection?

Mr. UNDERHILL. Mr. Speaker, reserving the right to object, I shall object so far as the latter part of the request is concerned. I do not object to the gentleman's own remarks.

Mr. LAGUARDIA. The gentleman from Maryland ought to know that the New Republic would shock our colleague from Massachusetts.

Mr. UNDERHILL. It does not make any difference whether it is the New Republic or the old Republic. I make no distinction. It is an imposition upon the taxpayers and the public generally to have articles unrelated to Congress published in the CONGRESSIONAL RECORD. I object.

The SPEAKER. Does the gentleman from Maryland desire to extend his own remarks and not include the article?

Mr. GOLDSBOROUGH. No; I do not.

THE FEDERAL FARM BOARD

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

The SPEAKER. The gentleman from Texas asks unanimous consent to address the House for five minutes. Is there objection?

Mr. SNELL. Mr. Speaker, reserving the right to object, we have a full day's program before us, and unless the gentleman's remarks are to be very short, I feel that I should ask him to postpone it until some other time.

Mr. BUCHANAN. I am compelled to leave for Texas day after to-morrow, and this will probably be the last opportunity.

The SPEAKER. Is there objection?

There was no objection.

Mr. BUCHANAN. Mr. Speaker and gentlemen of the House, I hold in my hand a resolution adopted by the Navasota Chamber of Commerce in Texas. Navasota is a city of probably not more than 6,000 inhabitants and is in the heart of the Cotton Belt of my State. This resolution condemns in the severest language the farm relief act which we passed in June, and it condemns in the severest language the operations of the Farm Board and demands a repeal of the farm relief act. I shall not take the time to read the resolution; it is too long; but let me call the attention of my colleagues to the fact that this act was approved June 15, 1929, and that it was a month later before the board was appointed and organized. I feel that these criticisms are entirely too premature. [Applause.]

That board ought to have time, and it ought to have the instrumentalities furnished to it so that it can ascertain and get clear ideas of the problems confronting it. Here is a great act of Congress creating a board to undertake one of the most difficult problems that ever confronted the American people, and in less than a year from the time of the passage of the act the board is severely condemned and a repeal of the act demanded by this organization in the heart of the Cotton Belt. "Father, forgive them, for they know not what they do."

It will be recalled that in the last deficiency appropriation bill we carried an appropriation of $100,000,000 to add to the $150,000,000 revolving fund of the Farm Board. This was in the form of a Senate amendment. There were no hearings in the Senate. The matter came to the House, and the deficiency subcommittee of the Committee on Appropriations conducted some hearings upon it. The hearings have never been printed; they are in manuscript form. For the information of the House I will say that I have gone over the hearings, and I am about to give you some figures of what the Farm Board has loaned on different commodities.

Cotton leads the list. The Farm Board has committed itself to the cotton cooperators in the sum of $50,548,000. It has committed itself to wheat and other grains in the sum of $48,515,000; on fruits and canned goods, $11,244,000; on livestock, $8,600,000; on wool, $5,385,000; on the dairy industry, $7,157,000; on miscellaneous, such as beans, honey, potatoes, rice, tobacco, feed, and so forth, $1,431,000, making a total of commitments of $132,880,000. The original appropriation from which this money is derived is $150,000,000, and deducting the $132,880,000 from that, there is left $17,120,000 of the original appropriation. There has been paid back on money loaned into the revolving fund $6,000,000. Further payments are expected in the next three months of $10,000,000, making the available balance in the Treasury appropriated $33,120,000. Add to this the appropriation of $100,000,000 we made in the last deficiency appropriation bill and there remains $133,120,000 now available for future commitment or loans.

By going over that hearing I have ascertained that the Farm Board expects within the next six months to approve applications for loans, commodity loans principally, aggregating $50,000,000 on all commodities except cotton and wheat, and on cotton and wheat they expect commitments of $100,000,000. This makes $150,000,000 that they expect to be called upon to loan in the next six months. To meet that $150,000,000 we have available $133,120,000, which would leave them a deficiency of $16,880,000 if they supplied the demands. [Applause.]

The original act, approved June 15, 1929, authorized an appropriation of $500,000,000 as a revolving fund for the above purposes. We have actually appropriated $250,000,000 of that amount, which leaves a balance of $250,000,000 authorized and not yet appropriated. This, in my judgment, will be ample to meet any future crisis.

The primary purpose of the farm relief act was to organize, in commodity groups, the farmers of the United States so that they could act collectively in the disposition of their products, to stabilize the market prices of agricultural products, and prevent wide fluctuations in prices, which is and has always been the fertile field for the operation of the speculators.

The crisis as to whether or not the farm relief act and the Farm Board will be a success or failure will shortly be determined. To illustrate, during the preceding months of this year some interests other than the cotton farmers or cotton cooperative associations undertook to force the price of cotton down by selling the future market of May and July to the extent of practically 2,000,000 bales of cotton in order that they might depress the market for those months and carry the future months down with them, hoping to force the price of cotton during October, November, and December, when the farmer has to sell, down below the cost of production and then purchase future contracts for those months at a lower price and in a greater quantity than the same interests had sold the May and July contracts for, and thus reap an enormous profit at the expense of the producers of cotton.

As soon as this selling of future contracts for May and July by the outside interests got under headway the price of cotton commenced to drop and continued to go down until the cotton cooperatives and the Farm Board took a hand in the game. Yes, this contemplated scheme of these outside interests met with a big surprise. The cotton cooperative associations took advantage of the farm relief act, arranged with the Farm Board to borrow $50,548,000, at not exceeding 4 per cent interest. Then they entered the future market and bought the future contracts being offered for sale by these outside interests, and when the contracts mature they demand delivery of the actual cotton, with the purpose and intention of locking up the warehouse, throwing the key away, and withdrawing the cotton from the market until such time as it will gradually be absorbed by the market.

Thus, for the first time in history, a real battle is being waged between cotton speculators on the one hand and the cotton cooperative associations, backed by the Farm Board, on the other hand.

If the cotton cooperative associations and the Farm Board stand together and live up to the purpose and intention of the farm relief act, they will win and the farm relief act will prove a blessing to agriculture throughout the Union.

If, on the other hand, the Farm Relief Board should weaken, and I do not believe it will, and force the cooperatives by withdrawing their committed loans or by demanding payment of those already made to dump this three to six hundred thousand bales upon the market, breaking the market and sending the price of cotton lower than it has been since the war, then the farm relief act will become a failure and a farce, as this battle royal by the cooperative cotton associations and the Farm Board to prevent special interests from controlling the cotton market will be typical in every other primary agricultural product.

Let us hope and pray that the cooperative associations and the Farm Board win a signal victory, to the end that hereafter no selfish interests shall dominate, control, straddle, or manipulate the market of cotton or any other agricultural product.

RECLAMATION AND CONSERVATION OF OUR NATURAL RESOURCES

On the 30th day of January, 1930, I introduced H. R. 9335, reclamation through irrigation, through drainage, and through flood prevention of vast areas of land now subject to flood, drought, and swampy condition.

This bill provides that the Department of the Interior shall accept the bonds of any solvent improvement district at face value covering the cost of construction without interest, and construct the improvements or have them constructed under contract.

For many years the Federal Government has been constructing vast irrigation projects in the West out of Government funds for the benefit of the western farmer in public-land States, and collecting in rentals only the principal, cost of construction, that is, not charging any interest.

This bill of mine merely gives to the other States the same service that has been bestowed upon public-land States for many years, and places it within the power of the citizens of nonpublic-land States to reclaim their bottom lands from the ravages of the floods, from drought and swampy conditions, upon the same terms and conditions that the public-land States have enjoyed for many years.

More than 75 per cent of the land reclaimed in the public-land States under Government irrigation projects is privately owned. If the Government reclaims land for the private citizen of public-land States, without charging interest for the cost of the improvements, there is no reason why it should not reclaim privately owned land for the people of Texas and all other States upon the same terms. This bill, when passed, will constitute a national reclamation and conservation policy for the entire country.

First step in progressive program to place the quality and production of cotton upon scientific basis, so that the cotton produced will have the greatest possible spinnable value, to the end that American cotton will be demanded in preference to cotton produced in any other country.

On the 21st day of February, 1930, I introduced House bill 10173, authorizing the Secretary of Agriculture to establish and maintain experimental plants and laboratories and make tests, demonstrations, and experiments, technical and scientific studies in relation to cotton ginning, with the thought of developing improved ginning equipments and the use of improved methods in ginning cotton.

Two years ago, on my insistence, an appropriation of $10,000 was made in the agricultural bill for the purpose of ascertaining the damage done to our cotton lint by the present process of ginning.

Under this appropriation samples of seed cotton and of ginned cotton from the same field were taken. The lint was picked by hand from the seed and then compared with the lint taken from the seed by the gin saws, and it was ascertained, on 56 such experiments, that the gin had damaged the fiber or length of staple of the cotton from $5 to $40 per bale. That is, the saws had cut the staple in two, destroyed its uniformity, and depreciated its spinnable value to that extent.

This bill was approved by the Secretary of Agriculture, the Bureau of the Budget, unanimously reported favorably by the Agricultural Legislative Committee of the House, was passed by the House and Senate, was signed by the President, and is now a law.

It is conservatively estimated by the United States Agricultural Department and by others that our modern ginning process and machinery damages the spinnable value of the lint cotton at least $50,000,000 annually. With proper ginning machinery, which will be developed under this bill, this $50,000,000, created by the brawn and through sweat of the cotton farmer, will be saved to him.

It is not right that $50,000,000 of created wealth should be destroyed annually by gin machinery, and I expect to see that sufficient appropriations are made until this problem is solved.

ROOT ROT OF COTTON

During one of my campaigns, in riding over my congressional district, I noticed a large amount of cotton dying from root rot. On investigation I found that at least 500,000 bales of cotton were destroyed by this disease, placing the cotton raisers, who own this root-rot-infested cotton land, at a great disadvantage with the cotton raisers of other sections, where the root rot does not exist.

After the campaign, I came to Washington and called a meeting of the Chief of the Bureau of Plant Industry and the Chief of the Bureau of Chemistry and Soils of the Department of Agriculture and instructed them to bring their experts with them to my office. In addition, I invited to the conference several other Texas Congressmen.

The purpose of this gathering was to take immediate steps to form an organization of scientists in the Department of Agriculture and provide sufficient appropriation to conduct research investigation into the cause of root rot of cotton and to find a remedy therefor.

At this conference it was determined that an agronomist, a soil chemist, and a biologist should be included in the personnel to undertake solution of this problem and the problem be attacked from both field and laboratory viewpoint, involving the study of the soil factors, involving the development and spread of the disease, as well as a treatment of the soil by fertilizer, chemicals, and other soil amendments, which tend to control or eradicate the disease, and to ascertain chemical deficiencies existing in the soils where the root rot is prevalent, and where it is not.

To carry out the above work I procured an appropriation of $48,000 the first year, 1929; $72,033 the second year, 1930; and $91,533 the third year, 1931, and established, in Austin, Tex., a laboratory and field station where the research and investigation are now in progress, in cooperation with farmers from San Antonio to Greenville, Tex., showing 30 different fertilizer ratios and individual chemical salts, which resulted in several promising leads and prospects of success. Mr. Chairman and colleagues, I am going to request that adequate appropriation be continued until this disease is completely eradicated.

CONSERVATION OF OUR SOIL AND THE PRESERVATION OF THE RAINFALL FOR PRESENT AND FUTURE WELFARE OF AGRICULTURE

On the 18th day of December, 1928, I offered the following amendment to the agricultural appropriations bill:

To enable the Secretary of Agriculture to make investigation not otherwise provided for of the causes of soil erosion and the possibility of increasing the absorption of rainfall by the soil in the United States, and to devise means to be employed in the preservation of soil, the prevention or control of destructive erosion and the conservation of rainfall by terracing or other means, independently or in cooperation with other branches of the Government, State agencies, counties, farm organizations, associations of business men or individuals, $160,000, of which amount $40,000 shall be immediately available.

This amendment created nation-wide interest, and I received letters commending it and urging its adoption from the president of practically every agricultural college in the Nation. The amendment was adopted without a dissenting vote in the House, and, after commending this amendment, the Department of Agriculture established soil-erosion stations at Temple, Tex., Guthrie, Okla., Hays, Kans.; and two others are now being established in the agricultural Appalachian regions of the Southeast.

At this session of Congress I had the appropriation increased in the House from $160,000 to $185,000, carrying out my original program of having the 18 different types of agricultural soil of material acreage thoroughly studied and the best method ascertained to stop erosion.

Soon after the passage of this amendment eight Southern States called a conference and formed an organization to cooperate with the Department of Agriculture in the solution of the erosion problem, declaring it to be the most vital problem affecting the agricultural interest of the Nation.

When I tell you that on actual measurements and weight, on 1 acre of ground, with only 2 per cent slope, which is almost level to the naked eye, 42 tons of soil was washed away in one year, with only 27 inches of rainfall, you will realize that it will only be a question of 25 years until one-half of the agricultural land will be destroyed for agricultural purposes if something is not done to prevent it.

And here, my colleagues, I am going to request you in the coming sessions of Congress to materially increase the appropriation for this work, that the soil upon our agricultural lands may be preserved for ourselves and as a priceless heritage to our children.

SCIENTIFIC BASIS OF CROP ESTIMATES AND ACREAGE PLANTED IN PRIMARY CROPS TO PREVENT LOSSES FROM OVERESTIMATES OF CROP PRODUCTION AND TO PREVENT OVERPRODUCTION IN ANY ONE AGRICULTURAL PRODUCT

On March 1, 1929, I introduced House bill No. 28, which was near the close of the session, and reintroduced in this session, which provides for accurate periodical surveys of not to exceed 15 per cent of the area planted in the primary crops, thus giving the Agricultural Department adequate legal authority to operate in procuring an accurate basis upon which to make its annual estimate of crop production and avoid the hit-and-miss system now in force, which sometimes costs the farmers more than $100,000,000 in one year.

For instance, if the department overestimates the production of cotton, the bears seize upon that particular estimate to press the price down at the time when the farmers are bound to sell, causing enormous loss, and it is to prevent such injustices, as well as to procure accurate agricultural statistics as to the acreage planted in the different crops and the bearing of such planted acreage upon prospective production and price, thus enabling the farmer to avoid overproduction in any specific crop by planting his land in some other crop.

THE MAINTENANCE OF OUR FUTURE IN THE WORLD SUPREMACY IN COTTON DEMANDS PROMPT AND VIGOROUS ACTION

On May 5, 1930, I introduced House bill 12165, entitled—

A bill to promote improvement in the spinning quality of cotton grown in the United States, to secure the correlation and the most economical conduct of cotton and other researches, and for other purposes.

This bill is of national interest, as it deals with one of the most important agricultural products of our country—cotton. In fact, a product of universal necessity throughout the world, and no act should be left unperformed that will contribute toward placing the cotton production upon a solid foundation and the cotton producer on the road to prosperity, happiness, and contentment.

This bill provides, first:

For the development, without sacrifice yield, of the superior strain of cotton, producing more uniform fiber of greater average length, strength, and spinnable value through acclimatization, adaptation, breeding, and selection of varieties of seed of cotton.

Second:

(b) To determine the best method of organizing, establishing, and maintaining 1-variety cotton communities for the production and maintenance of stocks of pure cottonseed of superior varieties, and for increasing and centralizing the production of large commercial quantities of uniform fiber and other desirable spinning properties.

Mr. Speaker, we are absolutely dependent upon foreign countries purchasing the surplus cotton which we yearly produce. This amounts to from 6,000,000 to 8,000,000 bales.

If we expect foreign spinners to continue to purchase this surplus, we must meet the demands of the spinning world in the valuable spinning properties of our lint cotton. Good qualities, superior qualities in any product offered for sale always and everywhere find purchasers.

During the past few years the quality of American cotton produced has not kept pace with the increased production, and the average in quality is a great deal lower than in former years.

On the other hand, the quality of cotton produced in other countries has gradually increased, and such improvement in the

quality of foreign-produced cotton has absolutely absorbed the increased consumption of the world during the last 20 years.

Let me call your attention to the statement of Alexander Legge, chairman Federal Farm Board, made during the hearings on the independent offices appropriation bill for 1931, where he states:

For instance, to-day in cotton there is something wrong with that proposition. The world's consumption of cotton in the last 20 years has gone up about 60 per cent. All of that increase has been taken care of largely by other cotton-growing countries. Our exports are running about where they were before.

The average quality of our production has gone down. The quality of the foreign competition has come up.

Fifty per cent of the India crop a few years ago was regarded as only fit for making rugs; to-day 50 per cent outranks American cotton in grade.

We have got to go into this proposition as to why that is and what can be done to put our growers on a competitive basis both as to quantity and quality. Necessarily, we must know what the other fellows are doing, so we can handle the matter intelligently.

Never were truer words spoken. Are we of the United States, owning the best producing cotton country in the world, capable of producing the best quality of cotton in the world, going to sit supinely and permit India, Russia, and other countries to rob us of our world market for our surplus cotton by our neglect and inattention to one of the most important problems confronting our Nation?

Sixty years ago the English spinners used to purchase their cotton from the southeastern coast of the United States on its name or strain alone, just as the livestock breeders now purchase a registered bull.

At that time the cotton producers maintained in certain areas pure strains or varieties of high-grade cotton of high spinnable qualities, which was a good guaranty of the spinnable quality of the cotton, but the desire of the cotton producer for quantity production instead of quality production caused him to abandon the purebred cotton and seek quantity-producing varieties.

As a result we now have practically throughout the Union a mongrel cotton, with no superior spinnable qualities, no uniformity in length and strength of staple or fiber, with gins cutting the staple up and cutting the lint from the seed too closely, producing neps, which break the thread and cause losses to the spinners and produces inferior cloth.

The object, therefore, of the two foregoing sections is to return to the older methods of purebred strains of cotton, ultimately resulting in producing in the United States the cotton which will constitute the ideal spinnable cotton, containing the greatest spinnable value, capable of being spun into cloth with the least operating expense, and turning out the best quality of cloth.

When this is accomplished our American cotton will be in demand by the spinners of the world in preference to any cotton of foreign growth.

To accomplish the above purposes it is contemplated by the two foregoing sections of this bill to divide the cotton-producing areas of the Nation into regional zones or sections; each zone or section must have similar soil, heat, moisture, and other climatic conditions, each having a bearing on cotton growth, development, and the quality produced.

Some high-grade strains of cotton will produce and develop well under certain soil and climatic conditions, while in other sections of different soil and climatic conditions it will not be a success.

In each of these regional sections—there will probably be not more than four—the Government will maintain a cottonseed breeding and cotton-cultural farm, on which only pure strains of cotton that will produce high-grade lint of high spinnable value will be planted, and crossbreeding will be indulged in freely, the lint from each strain being tested as to its spinnable qualities in the cotton research laboratory in Washington.

When satisfactory cotton strains or varieties have been found or produced by crossbreeding, the seed produced on these Government experimental farms will be furnished either to the individual cotton raiser or to the cottonseed breeders, who will obligate themselves to keep the strain or variety pure and sell only pure strain or variety of cottonseed to the individual farmer.

Of course, nothing compulsory is contemplated in this bill so far as the cottonseed breeder or the farmer is concerned. Their desire to get a higher price for their cotton and make a greater profit will be sufficient stimulant.

These pure strains or varieties of high-grade cotton, when once ascertained will be maintained by the one variety county or community cotton-producing sections set forth in section B of the bill.

Any cotton-producing community of the United States could now create for itself an enviable reputation, if all the cotton farmers in that community would select one of the high-grade cottons now known and plant only that cotton in that community.

The cotton mills would be clamoring for cotton produced in that community, as it would contain strength and uniformity of staple and probably the length of staple so desired by the spinners.

But what I am striving for and what this bill will accomplish, is to so raise the quality in the cotton produced in the United States until it will command the world markets, absorb the world's increased consumption and discourage the increasing cotton production of other countries.

I am credibly informed that in India, where such vast improvement has been made in the quality of the cotton produced there, that the English Government maintains regular cottonseed breeding stations, where only purebred cottons are planted and the seed from such stations are furnished to either the cotton farmer or the cottonseed breeders. The cottonseed breeders must obligate themselves to keep the seed pure and unmixed with other low-grade strains of cotton and sell only such seed to the individual cotton farmer.

I quote again from Mr. Legge's testimony before the committee:

India has improved more in the question of quality than in quantity. India produces only half as much cotton as the United States. We have always been accustomed to thinking of this being the cotton-producing country of the world, but we are quite a bit short of that.

And Russia is also increasing. As an illustration of what they are doing, the Russian Government does not allow a planter to plant his own seed. They import seed. It is an offense, dealt with summarily, if the Russian farmer plants seed that he raises himself. In other words, they must produce the quality of cotton that is now being produced by government action.

I will not take the time of the House to discuss sections (c) and (d) of the bill. While they are important, their importance is not comparable to sections (a) and (b), above discussed, and to section (e), which I will now discuss. This section of the bill is as follows:

Section (e): To determine the most economical utilization of rough, rolling, eroded, and exhausted lands, unprofitably devoted to cotton production, which might be employed to best advantage for forage crops, grazing, forestry, or other purposes.

The facts are that there are about 15,000,000 acres of eroded, exhausted lands in Southern States now unprofitably planted in and devoted to cotton production. The farmers who plant this land in cotton lose money by so doing.

If the Department of Agriculture can find a more economical use for this land, a profitable use, either in forage crops, grazing, forestry, or any diversified purposes, no doubt the owners thereof will quickly change the use of this land from unprofitable cotton production to this more profitable purpose. The result will be that 15,000,000 acres of land now planted in cotton, which produces about one-fifth of a bale per acre, or 3,000,000 bales, will be withdrawn from the total acreage devoted to cotton production, which will leave only about 32,000,000 acres planted in cotton, and our annual cotton production will be reduced 3,000,000 bales, thus, to some extent at least, solving the cotton overproduction problem.

Section (f) of the bill provides for the determination of the most effective and economical plans for the correlation of agricultural researches, investigations, experiments, and tests; and to promote local, regional, and national agricultural research programs within the Department of Agriculture, with other Federal departments, with State agricultural experiment stations, and with other agencies.

This will result in preventing duplication and the concentration of the $30,000,000 now annually devoted to agricultural research on the major problems confronting agriculture and a completion of such research in a definite period of time, accomplishing with any given amount for research of at least one-fourth more in results than under the present system.

Mr. Speaker and colleagues, all of the above-mentioned bills and pleas for continued appropriations are in the interest of agriculture. I procured this limited time and the privileges granted by the rules of the House to extend my remarks for the purpose of placing each of the above bills in its true light before you so that during the vacation you could devote some time to their consideration, analyze them, criticize them, suggest amendments, or if you think it better, write new bills covering all subjects discussed, and if they meet the problems better, I will support them. I have no pride of authorship, and I do not

seek public applause. I am intensely interested in the present and future prosperity of the agriculture of my country.

If you take a retrospective view of the vast and dreary solitudes of past ages and read the epitaph inscribed by history on the tombs of fallen nations, you will find that no nation ever crumbled to ruin that had maintained a prosperous agricultural interest. You will find that no nation ever gained prestige, power, and prosperity that did not have its foundation laid upon a prosperous agricultural interest. Agriculture is the foundation upon which all financial business and industrial enterprises rest, yea, even civilization itself. It must be nurtured, encouraged, maintained, and conserved, if our nation is to hold its exalted position among the nations of the earth.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. SNELL. The gentleman can ask leave to extend.

Mr. POU. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for five minutes more.

Mr. BUCHANAN. I spoke to the Speaker yesterday as to the amount of time I would use this morning in addressing the House. I have used the amount agreed upon and I do not think that I should transgress that understanding. I accept the suggestion of the gentleman from New York [Mr. SNELL] to ask leave to extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

SIXTH PAN AMERICAN CHILD CONGRESS AT LIMA, PERU

Mrs. OWEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table House Joint Resolution 270, with a Senate amendment, disagree to the Senate amendment, and ask for a conference.

The SPEAKER. The Clerk will report the House joint resolution.

The Clerk read as follows:

Joint resolution (H. J. Res. 270) authorizing an appropriation to defray the expenses of the participation of the Government in the Sixth Pan American Child Congress, to be held at Lima, Peru, July, 1930.

The SPEAKER. Is there objection?

There was no objection; and the Speaker announced as the conferees on the part of the House Mr. TEMPLE, Mr. FISH, and Mr. LINTHICUM.

MESSAGE FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On May 9, 1930:

H. R. 5283. An act to declare valid the title to certain Indian lands;

H. R. 7395. An act to extend to Government postal cards the provision for defacing the stamps on Government-stamped envelopes by mailers;

H. R. 8052. An act authorizing the heirs of Elijah D. Myers to purchase land in section 7, township 28 south, range 11 west, Willamette meridian, county of Coos, State of Oregon;

H. R. 8650. An act to authorize the Postmaster General to charge for services rendered in disposing of undelivered mail in those cases where it is considered proper for the Postal Service to dispose of such mail by sale or to dispose of collect-on-delivery mail without collection of the collect-on-delivery charges or for a greater or less amount than stated when mailed;

H. R. 8713. An act granting land in Wrangell, Alaska, to the town of Wrangell, Alaska;

H. R. 8763. An act to authorize the Secretary of the Interior to investigate and report to Congress on the advisability and practicability of establishing a national park to be known as the Apostle Islands National Park in the State of Wisconsin, and for other purposes; and

H. R. 10581. An act to provide for the addition of certain lands to the Yosemite National Park, Calif., and for other purposes.

On May 12, 1930:

H. J. Res. 188. Joint resolution authorizing the use of tribal funds belonging to the Yankton Sioux Tribe of Indians in South Dakota to pay expenses and compensation of the members of the tribal business committee for services in connection with their pipestone claim;

H. R. 389. An act for the relief of Kenneth M. Orr;

H. R. 973. An act to remove the age limit of persons who may be confined at the United States industrial reformatory at Chillicothe, Ohio;

H. R. 2161. An act to convey to the city of Waltham, Mass., certain Government land for street purposes;

H. R. 5726. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the city of Salem, Mass., and to the Salem Marine Society, of Salem, Mass., the silver service set and bronze clock, respectively, which have been in use on the cruiser *Salem;*

H. R. 6645. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the president of the Lions Club, of Shelbyville, Tenn., a bell of any naval vessel that is now, or may be, in his custody; and to the president of the Rotary Club of Shelbyville, Tenn., a steering wheel of any naval vessel that is now, or may be, in his custody;

H. R. 8973. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Charleston Museum, of Charleston, S. C., the ship's bell, plaque, war record, and silver service of the cruiser *Charleston* that is now, or may be, in his custody;

H. R. 1444. An act for the relief of Marmaduke H. Floyd;

H. R. 3527. An act to authorize credit in the disbursing accounts of certain officers of the Army of the United States for the settlement of individual claims approved by the War Department; and

H. R. 10674. An act authorizing payment of six months' death gratuity to beneficiaries of transferred members of the Fleet Naval Reserve and Fleet Marine Corps Reserve who die while on active duty.

On May 13, 1930:

H. J. Res. 244. Joint resolution authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held October 4 to October 11, 1930, inclusive;

H. R. 707. An act to authorize an appropriation for construction at Fort McKinley, Portland, Me.;

H. R. 9434. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Arlington, Oreg.;

H. R. 9758. An act to authorize the Commissioners of the District of Columbia to close certain portions of streets and alleys for public-school purposes;

H. R. 10258. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Cannelton, Ind.;

H. R. 11046. An act to legalize a bridge across the Hudson River at Stillwater, N. Y.;

H. R. 11780. An act granting the consent of Congress to Louisville & Nashville Railroad Co. to construct, maintain, and operate a railroad bridge across the Ohio River at or near Henderson, Ky.;

H. R. 7410. An act to establish a hospital for defective delinquents;

H. R. 7413. An act to amend an act providing for the parole of United States prisoners, approved June 25, 1910, as amended;

H. R. 9235. An act to authorize the Public Health Service to provide medical service in the Federal prisons;

H. R. 10474. An act granting the consent of Congress to the Arkansas State Highway Commission to construct, maintain, and operate a free highway bridge across the White River at or near Sylamore, Ark;

H. R. 1301. An act for the relief of Julius Victor Keller;

H. R. 2902. An act to authorize the sale of the Government property acquired for a post-office site in Binghamton, N. Y.;

H. R. 3246. An act to authorize the sale of the Government property acquired for a post-office site in Akron, Ohio;

H. R. 4198. An act to authorize the exchange of certain lands adjoining the Catoosa Springs (Ga.) Target Range;

H. R. 8578. An act to sell the present post-office site and building at Dover, Del.;

H. R. 8805. An act to authorize the acquisition for military purposes of land in the county of Montgomery, State of Alabama, for use as an addition to Maxwell Field;

H. R. 8918. An act authorizing conveyance to the city of Trenton, N. J., of title to a portion of the site of the present Federal building in that city;

H. R. 9324. An act to dedicate for street purposes a portion of the old post-office site at Wichita, Kans.;

H. R. 9407. An act to amend the act of Congress approved May 29, 1928, authorizing the Secretary of the Treasury to accept title to certain real estate, subject to a reservation of mineral rights in favor of the Blackfeet Tribe of Indians; and

H. R. 10651. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.

On May 14, 1930:

H. R. 3717. An act to add certain lands to the Fremont National Forest in the State of Oregon;

H. R. 6874. An act to authorize exchanges of lands with owners of private-land holdings within the Petrified Forest National Monument, Ariz.;

H. R. 9895. An act to establish the Carlsbad Caverns National Park in the State of New Mexico, and for other purposes;

H. R. 645. An act for the relief of Lyma Van Winkle;

H. R. 6564. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1931, and for other purposes;

H. R. 7832. An act to reorganize the administration of Federal prisons; to authorize the Attorney General to contract for the care of United States prisoners; to establish Federal jails, and for other purposes;

H. R. 8299. An act authorizing the establishment of a national hydraulic laboratory in the Bureau of Standards of the Department of Commerce and the construction of a building therefor;

H. R. 8562. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.;

H. R. 9437. An act to authorize a necessary increase in the White House police force; and

H. R. 1793. An act for the relief of Albert L. Loban.

On May 15, 1930:

H. R. 4138. An act to amend the act of March 2, 1929, entitled "An act to enable the mothers and widows of the deceased soldiers, sailors, and marines of the American forces now interred in the cemeteries of Europe to make a pilgrimage to these cemeteries";

H. R. 8368. An act providing for a study regarding the construction of a highway to connect the northwestern part of the United States with British Columbia, Yukon Territory, and Alaska in cooperation with the Dominion of Canada; and

H. R. 8531. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1931, and for other purposes.

On May 16, 1930:

H. R. 6338. An act authorizing the erection of a sanitary fireproof hospital at the National Home for Disabled Volunteer Soldiers at Togus, Me.;

H. R. 9325. An act to authorize the United States Veterans' Bureau to pave the road running north and south immediately east of and adjacent to Hospital No. 90, at Muskogee, Okla., and to authorize the use of $4,950 of funds appropriated for hospital purposes, and for other purposes;

H. R. 7069. An act for the relief of the heirs of Viktor Pettersson;

H. R. 156. An act to authorize the disposal of public land classified as temporarily or permanently unproductive on Federal irrigation projects;

H. R. 1954. An act for the relief of A. O. Gibbens; and

H. R. 9845. An act to authorize the transfer of Government-owned land at Dodge City, Kans., for public-building purposes.

On May 19, 1930:

H. R. 1794. An act to authorize the payment of an indemnity to the owners of the British steamship *Kyleakin* for damages sustained as a result of a collision between that vessel and the U. S. S. *William O'Brien;*

H. R. 9850. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near New Martinsville, W. Va.;

H. R. 10248. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Moundsville, W. Va.;

H. R. 11588. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war;

H. R. 668. An act for the relief of A. J. Morgan; and

H. R. 7768. An act to provide for the sale of the old post office and courthouse building and site at Syracuse, N. Y.

On May 21, 1930:

H. R. 1251. An act for the relief of C. L. Beardsley;

H. R. 7405. An act to provide a 5-year construction and maintenance program for the United States Bureau of Fisheries;

H. R. 10171. An act providing for the erection at Clinton, Sampson County, N. C., of a monument in commemoration of William Rufus King, former Vice President of the United States; and

H. R. 8154. An act providing for the lease of oil and gas deposits in or under railroad and other rights of way.

On May 22, 1930:

H. R. 10579. An act to provide for the erection of a marker or tablet to the memory of Col. Benjamin Hawkins at Roberta, Ga., or some other place in Crawford County, Ga.

On May 23, 1930:

H. R. 1234. An act to authorize the Postmaster General to impose demurrage charges on undelivered collect-on-delivery parcels;

H. R. 9323. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, etc., and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors; and

H. J. Res. 327. Joint resolution authorizing the presentation of medals to the officers and men of the Byrd Antarctic expedition.

On May 26, 1930:

H. R. 9843. An act to enable the Secretary of War to accomplish the construction of approaches and surroundings, together with the necessary adjacent roadways, to the Tomb of the Unknown Soldier in the Arlington National Cemetery, Va.;

H. R. 7390. An act to authorize the appointment of an Assistant Commissioner of Education in the Department of the Interior;

H. R. 7962. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at Mound City, Ill.;

H. R. 9805. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at Cairo, Ill.;

H. R. 9939. An act authorizing the Secretary of the Interior to lease any or all of the remaining tribal lands of the Choctaw and Chickasaw Nations for oil and gas purposes, and for other purposes;

H. R. 10340. An act granting the consent of Congress to the State Highway Commission of Arkansas to construct, maintain, and operate a toll bridge across the White River at or near Calico Rock, Ark.; and

H. R. 11196. An act to extend the times for commencing and completing the construction of a bridge across the White River at or near Clarendon, Ark.

On May 27, 1930:

H. R. 4293. An act to provide for a ferry and a highway near the Pacific entrance of the Panama Canal;

H. R. 6807. An act establishing two institutions for the confinement of United States prisoners;

H. R. 7412. An act to provide for the diversification of employment of Federal prisoners, for their training and schooling in trades and occupations, and for other purposes;

H. R. 7491. An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1931, and for other purposes; and

H. R. 8574. An act to transfer to the Attorney General certain functions in the administration of the national prohibition act, to create a Bureau of Prohibition in the Department of Justice, and for other purposes.

MUSCLE SHOALS

Mr. SNELL. Mr. Speaker, by direction of the Committee on Rules I call up the privileged Resolution No. 222.

The SPEAKER. The gentleman from New York calls up House Resolution 222, which the Clerk will report.

The Clerk read as follows:

House Resolution 222

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. J. Res. 49, to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Military Affairs, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment the committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SNELL. Mr. Speaker, by direction of the Committee on Rules, I offer an amendment.

The SPEAKER. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SNELL: After the period in line 13, insert the following: "It shall be in order to consider without the intervention of a point of order, as provided in clause 7 of Rule XVI, a substi-

tute committee amendment recommended by the Committee on Military Affairs, now in the bill, and as a substitute for the purpose of amending it shall be considered under the 5-minute rule as an original bill.

Mr. HOWARD. Mr. Speaker, will the gentleman yield?

Mr. SNELL. I do not yield at this time.

Mr. HOWARD. Mr. Speaker, I make a point of order. I rise to a question of personal privilege.

The SPEAKER. The gentleman will state it.

Mr. HOWARD. The personal privilege is this, that "the gentleman from Nebraska" has employed all due diligence to get the eye and ear of the Speaker in order to ask permission to lodge an objection to the unanimous-consent request as to this debate.

The SPEAKER. The objection is overruled.

Mr. GARNER. Mr. Speaker, will the gentleman yield for a question?

Mr. SNELL. For a question, I will.

Mr. GARNER. As I understand, the purport of the amendment is to consider the amendment reported by the Committee on Military Affairs as an original bill?

Mr. SNELL. That is all.

Mr. GARNER. So that the motion to recommit with an amendment would be like an original bill?

Mr. SNELL. It certainly would, so far as its consideration is concerned. The reason for the amendment of the resolution is this: As the House knows, the Committee on Military Affairs struck out all after the enacting clause of the Senate joint resolution and practically wrote a new bill.

There is a serious question whether the new bill, which is considered as an amendment, would be considered as germane to the original proposition. Personally, I think it would be; and I think it would be considered all right; but there are different rulings on this very proposition, and we do not want to be confronted with a point of order even before we get started, and by this amendment we have removed even that possibility. The committee wants to give everyone a fair opportunity to express himself, and offer any germane amendment. Furthermore, if we did not provide for considering it as an original bill, you would have to read the entire bill as one amendment, and after the reading any Member could offer at any time an amendment to any part of the bill, which would lead only to confusion; whereas if we make it in order to be considered as an original bill, it can be read section by section, and we will proceed in an orderly manner and as usual in the consideration of a bill.

Mr. LAGUARDIA. Mr. Speaker, will the gentleman yield?

Mr. SNELL. Yes.

Mr. LAGUARDIA. If it is considered as one amendment, will the committee have an opportunity to vote on the committee amendment as an amendment? This amendment will preclude the opportunity to vote on this bill after the amendment of the Senate bill?

Mr. SNELL. I do not see that it interferes at all. If you want to strike out and substitute something else, this leaves it absolutely open.

Mr. GARNER. If the House should vote down this amendment after it has been amended and discussed under the 5-minute rule as an original bill—if it is voted down—the original bill will be in order?

Mr. SNELL. If they vote down the committee amendment, the Norris resolution will be before the House.

Mr. GARNER. If you consider it as an original proposition, then a motion to recommit and substitute the Norris bill will be in order?

Mr. SNELL. That has not been considered and will be for the Speaker to decide.

Mr. GARNER. Then the only thing to do would be to make a motion to recommit, unless you voted down the amendment itself?

Mr. SNELL. The germaneness of the other proposition would be up to the Speaker to determine—not for me.

Mr. TILSON. Would not voting down the amendment reported by the Military Affairs Committee be tantamount to voting up the Norris bill?

Mr. GARNER. It might be so considered.

Mr. TILSON. There would have to be a formal vote.

Mr. GARRETT. Regardless of whether we vote it up or down, we are now considering the Norris bill as amended by the Committee on Military Affairs. Both are before the House, but the Norris bill is stricken out. At the conclusion of the consideration of the measure now before the House, would it be in order, before the final vote on the amendment as offered by the Committee on Military Affairs, to offer a motion to recommit, striking out all after the enacting clause and inserting a bill providing both for the leasing of Muscle Shoals, and in event a lease is not made within a fixed time, to proceed with the operation of Muscle Shoals under the Government plan?

Mr. SNELL. The question of the germaneness of that motion would be up to the Speaker of the House to decide, and not up to me at the present time.

Mr. GARRETT. That is the crux of the whole thing.

Mr. SNELL. This does not interfere with that one way or the other. It has nothing to do with a motion to recommit. It does not affect it one way or the other.

Mr. BANKHEAD. Will the gentleman yield for a brief statement?

Mr. SNELL. I yield.

Mr. BANKHEAD. There is nothing complicated, as I understand it, about this amendment to the rule. It was only offered by the chairman of the Committee on Rules at a meeting this morning in order to absolutely amplify and guarantee full and free and open discussion of the amendment offered by the Committee on Military Affairs, as though it were an original bill before the House, under the 5-minute rule. The amendment to the rule in no way changes the consideration of the bill under the original rule. It places no restrictions or limitations upon the right of any Member, under the original rule, to offer a motion to recommit or a germane amendment. It simply makes for the orderly consideration of the House bill under the 5-minute rule, section by section, so that we may take the committee bill up and read the first section in order and offer amendments to that, instead of allowing amendments to be offered to any section of the bill as one independent amendment. As I say, that is the whole proposition.

Mr. CRISP. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. CRISP. The effect of the amendment proposed by the Committee on Rules, in my judgment, is to give more liberal consideration of the measure before the House, for, without it, if it is considered under the original rule, the amendment proposed by the Committee on Military Affairs would be an amendment to which only one amendment could be pending at a time. This amendment treating it as an original bill opens it up for the four amendments allowed under the rules.

Mr. SNELL. That is exactly the idea the committee had in mind.

The SPEAKER. The Chair thinks he should state his understanding in order that there may be no misunderstanding as to the parliamentary situation. As the Chair understands it, the effect of the amendment is that the bill shall be considered in the Committee of the Whole as an original bill. However, after the committee rises, and the House votes in favor of the committee amendment and adopts it, in the opinion of the Chair, a motion to recommit which would change the language of the amendment would not be in order. This is the Chair's understanding of the situation.

Mr. GARRETT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GARRETT. Under the amended rule, as suggested by the chairman of the Committee on Rules, may I inquire, before the bill gets into the House to be considered by the Committee of the Whole House, would a motion be in order, under the amended resolution, to strike out the whole matter before the House and make substitution of a bill taking on the form of both a lease and operation by the Government?

The SPEAKER. The Chair does not think he should express an opinion on that, because that will be in the jurisdiction of the chairman of the Committee of the Whole. That is not a matter for the Chair to decide.

Mr. HILL of Alabama. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HILL of Alabama. After the committee bill has been read in the Committee of the Whole for amendment, then does not the vote recur automatically on the adoption of the committee bill as amended?

The SPEAKER. Yes.

Mr. HILL of Alabama. Does that also come up in Committee of the Whole, or just in the House?

The SPEAKER. The Chair does not understand the gentleman from Alabama.

Mr. HILL of Alabama. In other words, after the committee bill has been read for amendment in the Committee of the Whole and we have reached the end of that bill and voted on all of the amendments proposed to the bill, then does the question come up in the Committee of the Whole as to agreeing to the committee bill as an amendment to the Senate bill?

The SPEAKER. Yes; the question would be on agreeing to the substitute amendment in the bill as amended.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LAGUARDIA. In the event a separate vote is asked in the House, and the committee amendment is voted down, then, of course, the Senate bill would be before the House?

The SPEAKER. That is correct. The effect of the vote, in the event the committee amendment is defeated, is exactly the same as a motion to recommit.

Mr. LAGUARDIA. Then, according to the Speaker's ruling, if that should happen, a motion to recommit and report forthwith, with the committee amendment, would likewise not be in order?

The SPEAKER. Any motion to recommit which does not change the language of the amendment adopted is in order, provided it does not seek to do by indirection what can not be done directly.

Mr. QUIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. QUIN. Does the amendment offered by the gentleman from New York [Mr. SNELL] alter the parliamentary situation?

The SPEAKER. It simply makes it in order to consider the House committee amendment as an original bill, in Committee of the Whole. The Chair thinks it is very proper parliamentary procedure. It facilitates the transaction of business.

Mr. LAGUARDIA. For the purpose of discussion only?

The SPEAKER. For the purpose of discussion and amendment.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. OLIVER of Alabama. Suppose that in the Committee of the Whole amendments are adopted to the bill reported by the Committee on Military Affairs, could a separate vote be demanded on those amendments when the bill is reported back to the House?

The SPEAKER. The Chair thinks not, because under the parliamentary situation only one amendment will be reported to the House. It will be considered as one amendment, whether amended in committee or not.

Mr. OLIVER of Alabama. That would not be carrying out the spirit of the rule as announced by the chairman of the Committee on Rules, since his statement was that it was the purpose of the Rules Committee to consider the report of the Military Affairs Committee as an original bill.

Mr. SNELL. For the purpose of consideration in the Committee of the Whole.

The SPEAKER. It would not alter the consideration of the bill at all after the bill gets into the House.

Mr. SNELL. Mr. Speaker, I ask a vote on the amendment.

The SPEAKER. The question is on agreeing to the amendment offered by the gentleman from New York [Mr. SNELL].

Mr. RANKIN. Mr. Speaker, may we have the amendment reported again?

The Clerk again reported the amendment.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SNELL. Mr. Speaker, the question of Muscle Shoals has been before the House for a great many years. To-day we have a definite proposition before us. The Senate joint resolution provides for Government operation of our plant at Muscle Shoals. The Military Affairs Committee of the House has stricken out all after the enacting clause of that joint resolution and inserted a provision which gives authority to the President of the United States, between now and December 1, 1931, to make a lease, under certain conditions, for the property we now own at Muscle Shoals. The question for this House to determine is whether it wants to do that or whether it wants to provide for Government operation of that property.

We have had several propositions before the House in which the House itself tried to write a lease and provide for all of the various individual propositions and reservations which should enter into a lease of that character. Gentleman of the House, it is absolutely impossible to write a lease on the floor of this House for a property of this character. It just can not be done, and we ought to know it by this time. If you want to lease it, the only way to do is to give the authority to the President of the United States, through some commission which he may set up, and let him take the responsibility of making the lease. In my judgment, the Military Affairs Committee of the House has given careful attention to this bill. They have brought forward for consideration a bill that is carefully worked out. It is a practical solution. The rights of the people are properly taken care of; it does not take any more money out of the Treasury; and, in general, it is the best bill that has ever been before us and should receive our approval.

At this time I do not intend to discuss the provisions of the bill, because individual Members are going to discuss the bill section by section. I think that is better than any general statement by me at this time.

Mr. GARRETT. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. GARRETT. Is it the purpose of the gentleman to have as liberal discussion of this bill under the 5-minute rule as possible?

Mr. SNELL. There will be no objection to that, as far as I am concerned.

Mr. GARRETT. The reason I ask that question is that many Members would like to speak in connection with a proposition of this size, and the limited time provided in this rule embarrasses those in charge of the time. I was wondering if we might have some sort of a general understanding that those who can not get time in general debate may get such time under the 5-minute rule as would put them somewhat on an equality with those who secure time in general debate.

Mr. SNELL. There has been no suggestion made to me that we try to curtail the consideration of this bill. I want the House to have the fullest opportunity to discuss it and consider it and let the House do as it thinks best. It is an important proposition, it should be decided by the House what we want to do with this property without further delay.

Mr. OLIVER of Alabama. I appreciate the attitude of the gentleman and I am sure he evidences the attitude of the Committee on Rules in stating that he wants the House to have full and fair opportunity to consider this bill and offer amendments thereto, but in view of the ruling which the Speaker has just announced my opinion is that Members will be very much restricted in offering amendments.

Mr. SNELL. No more restricted than they are under the general rules of the House.

Mr. OLIVER of Alabama. There are some provisions which the Senate has passed on which some Members of the House desire to have an expression on by the House. Since that is true, the Committee on Rules should consider liberalizing the rule so as to make it possible to offer provisions of the Senate bill as amendments to this bill, otherwise you will not make effective the right to offer important amendments, and then you would thwart your desire that the House have full opportunity to consider this bill.

Mr. SNELL. When the Committee on Rules brings in a rule providing for the consideration of a bill under the general rules of the House I think the committee has gone as far as it should go and as far as it has ever gone. I do not remember that any rule has ever been brought in which provided for consideration different than that provided for under the general rules.

Mr. OLIVER of Alabama. The Rules Committee could make in order——

Mr. SNELL. Any amendment a Member might desire to offer?

Mr. OLIVER of Alabama. Well, you should make in order parts of the bill now pending before the House and which this bill seeks to amend. The committee could provide that the Senate bill might be considered as germane for the purpose of offering amendments in the Committee of the Whole, and surely that would not be a dangerous precedent.

Mr. SNELL. I think it would be a dangerous precedent to establish, and one I should not approve only under extreme circumstances.

Mr. DAVIS. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. DAVIS. If the House bill should be adopted as an amendment in the form of a substitute for the Senate bill and then an amendment or a motion to recommit should be offered, providing that, if a lease should not be made under the provisions of the Reece bill, the Senate bill should become effective, does the gentleman think that a point of order would lie against such an amendment or such a motion?

Mr. SNELL. That is a question for the Speaker to decide and not for the chairman of the Rules Committee, and I would not want to assume that authority at the present time.

Mr. DAVIS. As the gentleman has offered an amendment making the House bill——

Mr. SNELL. That in no way affects the gentleman's proposition.

Mr. DAVIS. But I was just going to state this proposition: As the gentleman has offered an amendment making the House bill in order without the intervention of a point of order, whereas otherwise a point of order on the ground it was not germane would lie, why would it not be equally proper to amend the rule so as to provide that an amendment or a motion to recommit, such as I have suggested, would be in order without the intervention of a point of order?

Mr. SNELL. You will reach exactly the same effect by voting up or down the committee amendment. If you vote down the committee amendment, you have voted up the Norris resolution, and if you vote up the committee amendment you have voted down the Norris resolution. It produces exactly the same result and accomplishes the same purpose.

Mr DAVIS. But that still does not give us an opportunity to vote upon the alternative proposition.

Mr. SNELL. It seems to me it does. I do not see why it does not.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. OLIVER of Alabama. I think if we are to get legislation at this session Members of the House and Senate must understand that this legislation is a give-and-take proposition. You can not, with the House stubbornly insisting on one thing and the Senate another, ever reach any agreement at this session; and, to avoid this, I feel the Committee on Rules should see the wisdom of encouraging a conservative attitude on the part of Members in the discussion of this important subject, so that we may at least provide the basis of an agreement between Senate and House at this session. If the only alternative is to vote down what the Committee on Military Affairs of the House has reported and vote down the Senate proposition, then you have reached, I fear, a point where you can not impliedly instruct your conferees to enter the conference in a fair spirit of give and take.

Mr. SNELL. As a matter of fact, on one hand, we have a Government-operation proposition, and, on the other hand, a leasing proposition; and it is up to the House to decide which one they want.

Mr. OLIVER of Alabama. We might as well be perfectly frank about this——

Mr. SNELL. Certainly. I have nothing to conceal about the matter so far as I am concerned.

Mr. OLIVER of Alabama. The members of the Committee on Military Affairs were quite free when they first came to consider this bill to say that it might be well to give consideration to the Senate bill as an alternate plan. Some Members who are confident that this measure, reported by the House Military Affairs Committee, is all right—and I think the gentleman has expressed that view—yet there are others who doubt that it will work, and they desire to be privileged to offer the Senate bill as an alternate plan, yet under the rule the gentleman now offers that question can not probably be considered.

Mr. SNELL. I do not want the gentleman to take up all my time. I have been very generous in yielding to the gentleman.

Mr. CRISP. Will the gentleman yield for a question?

Mr. SNELL. Yes.

Mr. CRISP. I want to ask the gentleman a parliamentary question, because a good many of the Members have asked me about it since an amendment to the rule has been adopted. Of course, there are many men on this side who will desire to offer an amendment to the Reece amendment, providing the alternate proposition of the Norris resolution. I am not asking the gentleman to express any opinion as to the parliamentary situation with respect to whether that would be in order or not, and neither would I ask the Speaker, but I do want to ask the gentleman this question: It was not the intention of the Committee on Rules in offering the amendment providing that the Reece amendment should be considered in the Committee of the Whole as an original bill to in any way curtail germane amendments that might have been offered to the Reece amendment if it were considered in the Committee of the Whole as one amendment?

Mr. SNELL. The purpose was exactly the opposite of that. The purpose was to open it up and give more liberal opportunity for amendment.

Mr. CRISP. I did not think the gentleman had that intention, and I asked the question simply to clarify the question.

Mr. SNELL. There is absolutely no question about that.

Mr. CRISP. And any amendment to the original amendment that would have been germane if the amendment to the rule had not been offered would be germane now?

Mr. SNELL. Yes.

Mr. CRISP. I think so, too.

Mr. SNELL. This is to give more liberal consideration of the amendment.

Mr. LAGUARDIA. Will the gentleman yield for a question on the rule?

Mr. SNELL. Yes.

Mr. LAGUARDIA. We all see the necessity of discussion of this very important measure. Would the gentleman permit the offering of an amendment making the time of general debate six hours instead of three hours?

Mr. SNELL. No; I would rather have you take up more time under the 5-minute rule.

I reserve the balance of my time, Mr. Speaker.

Mr. Speaker, I yield 30 minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. I yield eight minutes to the gentleman from Alabama [Mr. ALMON].

Mr. ALMON. Mr. Speaker, while Muscle Shoals is in the district which I have the honor to represent, still it is not a local development. It belongs to the people of the Nation, and each of you has the same interest in it that I have.

I shall support a number of amendments which I am expecting will be offered and hope the same will be adopted. Unless something better than this bill is offered by way of amendment or motion to recommit, I will probably vote for the same, not because it suits me in all respects but in order to send it to conference with the hope and expectation that it will be very much improved and that the conferees' report will be adopted and that these plants which have been idle since the World War ended will be placed in operation, and a large number of those who are unemployed will be given employment. The nitrate plants and the hydroelectric development at Muscle Shoals, as you will see from those pictures, constitute one unit. The dam and power house were constructed to generate power with which to operate the nitrate plants.

It has been the policy of the Committee on Military Affairs of the House in all bills providing for the leasing of this property to make one lease of the power development and the fertilizer plants. This bill provides for one or more leases of this property, and, personally, I would like to see the Government retain the hydroelectric development and lease the plants, provided a satisfactory lease could be secured, one that would be fair to the Government and the farmers; but the indications are that this can not be accomplished at this time. I would like to see the bill amended so as to bind the lessee to manufacture fertilizer on a basis that will soon increase the production from 10,000 tons to 40,000 tons annually. I also think the bill should be amended so as to make certain that the nitrate plants at Muscle Shoals be used in the manufacture of fertilizer, and would like to see the bill amended so that any contract for surplus power that might be leased to any power company be canceled on two years' notice if any municipality, county, or State should file application for the purchase of this power. The bill does prohibit the leasing of the power until the nitrate plants have been leased.

I have always thought that the Cove Creek Dam at the headwater of the Tennessee River should be constructed, owned, and operated by the Government for the reason that it is a storage dam, and I believe that it would be utilized more advantageously to prevent floods and improve navigation by the Government than by a lessee. However, I realize that the majority party is opposed to the construction of this dam by the Government, and in order that it may be developed I vote that it be built by the lessee with provision for supervision by the Government so that the stored water will be retained to prevent floods and when not needed for navigation, and that it will be released during the low-water stages of the river as it will practically double the power of all dams to the mouth of the river. I would also like to see the leasing board to be appointed by the President be confirmed by the Senate, and that it be made a permanent board instead of temporary, in order that the board might supervise the performance of any lease or leases that might be made.

I would also like to see the bill amended here or in conference so as to provide an alternative plan for Government operation in the event a lease or leases are not made within the stipulated time.

I think that December 31, 1931, is too long a time to give the leasing board to make leases of this property. It seems to me that six months' time after the bill has been passed and approved by the President is sufficient time in which to negotiate leases. This might be satisfactorily arranged in conference if it is not amended in the House.

In Germany and France the war nitrogen plants were placed in operation after the war for the benefit of agriculture, some owned and operated by the Government and some by private capital. They have been so successful that Germany no longer imports Chilean nitrates but has become a large exporter of nitrates and fertilizer. We are importing it into this country. Since 1880 there has been imported into the United States 21,923,471 long tons of Chilean nitrate, for which there was paid $857,595,089; and, in addition thereto, an export tax to the Chilean Government of $12.53 per long ton, which amounted to $274,691,091. The most of this Chilean nitrate was bought and paid for by the farmers for fertilizer purposes.

In 1928 there was imported 1,018,183 long tons of nitrate of soda at a cost of $36,261,894 and an additional sum of $12,757,000 as an export tax.

The bill, as reported by the committee, expressly prohibits the leasing of any of the surplus power to a power company or anyone interested in or connected with a power company until after the demands of the municipalities, counties, States, and industries shall have been exhausted. I am especially in favor of such a provision.

Chile has had a monopoly of the world supply of natural nitrate of soda since the war of the Pacific when the nitrate Provinces of Bolivia and Peru were granted to Chile under the treaty of Ancon.

What Germany has done could and should be done in the United States by placing these nitrogen plants at Muscle Shoals in operation. [Applause.] This plant No. 2 at Muscle Shoals is one of the largest and the best air-nitrogen plants in the world and is the only one not in operation.

The use of the cyanamide process for the fixation of atmospheric nitrogen is the best process for a location like Muscle Shoals, where there is an abundance of cheap power. There was some propaganda sent out by selfish interests a few years ago to the effect that this plant was obsolete, but it was disproven and we no longer hear of such a claim.

I visited a plant like this, though not more than one-half the size, at Niagara Falls, Canada, two or three years ago, and found that it was being operated very successfully. Many plants in Europe are using this process very successfully. The synthetic process requires less power, but it is not being used in this country for agricultural purposes. The farmers use 7,000,000 tons of fertilizer annually in the United States in normal times. This plant has a capacity of about 40 per cent of that amount. It has been admitted by a representative of the Chilean Nitrate Corporation before one of the committees in Congress that if this Muscle Shoals plant was placed in operation it could manufacture nitrogen and nitrogenous fertilizer for about one-third to one-half cheaper than Chilean nitrate, and that the price it was sold for would control the price of Chilean nitrate, and in this way the farmers of the United States could be saved about one-half the price they are paying for Chilean nitrate. So the operation of this plant would not be in competition with anyone except the Chilean nitrate trusts.

The fertility of the soil in nearly all parts of our country is being depleted by continuous cropping and, hence, our farmers are forced to use fertilizer. They are required to pay more for fertilizer than they can afford to when you consider the price they receive for the crops raised by the use of fertilizer, so that the proper operation of this plant means real farm relief. The nitrate plants will be of no advantage for national defense unless operated in peace times. They would rust out and become obsolescent.

The SPEAKER. The time of the gentleman from Alabama has expired.

Mr. ALMON. My time has expired, but I shall have something more to say in regard to this measure when it is read for amendment under the 5-minute rule. [Applause.]

Mr. SNELL. Mr. Speaker, I yield 15 minutes to the gentleman from Arizona [Mr. DOUGLAS]. [Applause.]

Mr. DOUGLAS of Arizona. Mr. Speaker, ladies and gentlemen of the House, the task of explaining the provisions of the bill has been imposed upon me. I have not sought it. I shall attempt to give you as fair and honest a statement of what we consider to be the meaning of the language of the bill as it is possible for me to do. If I should make any mistakes, or if I should eliminate or not state any provision in the bill, I assure you that it will be inadvertently done.

Generally speaking, there have been two classes of proposals for the disposition of Muscle Shoals, which Congress has considered during the course of the last decade. The first class is that which involves the making of a legislative lease. The second class is that which provides for Government operation. The gentleman from New York [Mr. SNELL] has explained quite fully the difficulties of drafting and negotiating a legislative lease.

The Committee on Military Affairs felt that every effort had not been exhausted to effect a lease. Therefore, it was not willing to advocate Government operation, and so it sought a third method of disposing of Muscle Shoals, namely, an authorization for a lease. I ask the Members of the House in criticizing the bill to bear the following distinction in mind. A lease should be drawn in such language as to meet all possible eventualities, and so as to state definitely the terms and limitations under which the lessee must operate. An authorization for a lease is something different. It is something which merely directs some one else to draft and negotiate a lease. It, in itself, does not purport to be a lease. So that in cases in which the language of this bill is rather broad, bear in mind that it does not purport to be a lease. It is nothing more or less than a direction to somebody else to make a lease and to redraft into legal language the general principles and provisions enumerated in the direction.

Mr. OLIVER of Alabama. The legal significance would be this, that it is a power of attorney to agents of the Congress to do certain things.

Mr. DOUGLAS of Arizona. Exactly. If Members of the House will bear that distinction in mind, I think that certain doubts which have arisen may possibly be cleared away.

When one bears in mind the various conflicting opinions with respect to the disposal of Muscle Shoals, one will have some conception of the difficulties which have been in the way of the Committee on Military Affairs in its attempt to draft legislation which will adequately take care of any disposition of the properties. Bear in mind that there are some Members of the House who feel that this property should be utilized solely for the purpose of generating power, and, after it has been generated, for the distribution of that power. There are other Members of the House who feel that the property should be utilized solely for the production of fertilizer. There are other Members who feel there should not be one pound of fertilizer produced at Muscle Shoals. Then there are those who have felt, and I think quite properly, that in so far as the construction of the Cove Creek Dam is involved in the disposal of these properties the State of Tennessee has certain rights which should be recognized. Those different opinions in this House have created a situation which, I think, you will admit has been difficult to meet. And there is one further difficulty which is probably as great as the others, and possibly even greater. That is the changes which have in the past taken place, and which doubtless will take place in the future with respect to new scientific processes for the production of various commodities, and, in this particular case, the particular commodities which are to be produced at Muscle Shoals. No one on the floor of this House is able to prognosticate what will take place within the course of the next half decade. And so when one considers all those various factors, human as well as material, I think he will agree with me that the problem has not been an easy one.

The Committee on Military Affairs has drafted, as I have implied, a bill which authorizes somebody else to lease the Muscle Shoals property. There are several principles expressed in the language of the bill. The first one is that these properties at Muscle Shoals are to be dedicated, if the properties are as a matter of scientific fact adapted to it, to the production of fertilizer. If they are not adapted to the production of fertilizer, it seemed to the Committee on Military Affairs to be the height of folly to compel their utilization for an uneconomic purpose. If the properties be adapted to the production of fertilizer, then they are to be dedicated to that purpose. The provisions of the authorization with respect to fertilizer are as follows: If they are adapted, the lessee must produce annually a given amount, the amount to be determined by the leasing board, of fertilizer of a quality and character which can be applied immediately to the soil.

Secondly, it is provided that the lease must compel the lessee to produce within the first three and a half years an amount of fertilizer which shall contain a minimum of 10,000 tons of nitrogen. Thirdly, the lease must compel the lessee to produce fertilizer containing nitrogen in amounts equal to the maximum capacity of the plant. The increase in production is not to be at one time but is to be spread out over a period of years, so as to meet the market and economic conditions. And fourthly, it is provided that if the market and economic conditions are such as not to demand the production of fertilizer containing nitrogen in amounts equivalent to the maximum capacity of the plant, or any amount less than that, then there must be maintained in storage for sale fertilizer containing 2,500 tons of nitrogen.

I think that is a fair statement of the provisions in the bill respecting fertilizer. If I have made any mistake I hope I may be corrected.

Mr. WRIGHT. I call the gentleman's attention to subdivision (a) on page 24 of the bill. In the first part of this section it is provided that any contract as to the lease—

> Of the United States properties adapted to the fixation of nitrogen in the manufacture of fertilizer bases or fertilizers in time of peace for sale for use in agriculture—

shall be of a character that can be applied to the soil and shall contain a provision that the lessee shall within three years and six months produce such fertilizers containing not less than 10,000 tons of fixed nitrogen and periodically there shall be an

increase, but you simply provide that this increase shall relate to nitrogen alone and not the character of fertilizer refined in the first part of the subdivision. Was that the intention of the committee, or was it the intention of the committee that the periodic increase would be a fertilizer of the kind required within the first three and a half years?

Mr. DOUGLAS of Arizona. I did not so construe the language of that first section. As I understand subsection (a)—and if there is any disagreement on the part of the committee with my understanding I wish it would be stated—the plants, if adapted to the production of fertilizer, shall be used. If they are adapted, the lessee must produce annually an amount of fertilizer containing nitrogen which can be applied immediately to the soil. The demand and market conditions have nothing to do with that proviso, but the amount is to be fixed by the board.

Mr. WRIGHT. The periodic increase shall be of the same kind of fertilizer?

Mr. DOUGLAS of Arizona. Not necessarily.

Mr. McSWAIN. Before the gentleman commits himself on that, will he let me make this observation?

Mr. DOUGLAS of Arizona. Yes.

Mr. McSWAIN. Was it not the intention of the committee that the periodic increases should consist of fertilizer, nitrogenous in character, and the word "nitrogen" was used there merely for the purpose of describing the increase? Would it not clarify the language and meet the objection, and would it not be a perfecting amendment, to say that there shall be such periodic increase in fertilizer bases rather than in fixed nitrogen?

Mr. DOUGLAS of Arizona. I agree with the gentleman in his interpretation of the language. If one limited it to fertilizer and did not prescribe that a certain amount of nitrogen should be in the fertilizer, then it would be possible under the language of the amendment to produce a fertilizer containing no nitrogen at all.

Mr. McSWAIN. Or it may be a fertilizer having a ridiculously low minimum of nitrogen?

Mr. DOUGLAS of Arizona. Yes.

Mr. McSWAIN. It is my purpose to offer an amendment to strike out the "fixed nitrogen" and insert "such fertilizer bases or fertilizer."

Mr. DOUGLAS of Arizona. I think there is an understanding between us with respect to interpretation.

Mr. GARRETT. Mr. Speaker, will the gentleman yield?

Mr. DOUGLAS of Arizona. Yes.

Mr. GARRETT. In the gentleman's original statement he spoke of the aptitude of this property for the manufacture of fertilizer. Do I understand the gentleman to mean that the board created under this bill could declare that the property is not adapted to the production of fertilizer, and thus absolutely destroy the fertilizer feature of this project?

Mr. DOUGLAS of Arizona. So far as the increase is concerned, that is true.

The SPEAKER pro tempore. The time of the gentleman from Arizona has expired.

Mr. BANKHEAD. Mr. Speaker, I yield to the gentleman two minutes more.

The SPEAKER pro tempore. The gentleman from Arizona is recognized for two minutes more.

Mr. OLIVER of Alabama. Mr. Speaker, will the gentleman yield?

Mr. DOUGLAS of Arizona. Yes.

Mr. OLIVER of Alabama. I wanted to ask a question in line with the one asked by the gentleman from Texas [Mr. GARRETT]. I note that the gentleman has emphasized the fact that if the property is not economically adapted to the production of fertilizer it should not be used for that purpose. From that I infer that the board will have authority, notwithstanding certain definite limitations in the bill, to limit the production of the plant to a mere negligible amount if it should conclude that it is not economically adapted for fertilizer production.

Mr. DOUGLAS of Arizona. May I interpolate this remark?

Mr. OLIVER of Alabama. Yes.

Mr. DOUGLAS of Arizona. The use of the word "adapted," as it is modified, on page 25, lines 11 and 12, by the language is this:

> As the leasing board may find to be economically adapted or susceptible of being made economically adapted to the fixation of nitrogen.

It is probably true, although I would not state this as a definite opinion, that in regard to plant No. 1 and plant No. 2 they will have to be renovated to some extent to make them economically adapted to the production of fertilizer.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. DOUGLAS of Arizona. I yield.

Mr. OLIVER of Alabama. The gentleman has been quite frank in answering the question and has referred to language on page 24, which he thinks supports his interpretation of the bill as conferring broad authority on the board in reference to the manufacture of fertilizer. If the gentleman is correct as to the attitude of the committee, and as to the interpretation of the bill in that regard, then the language on page 43, lines 1, 2, and 3, I submit has little, if any, meaning, and perhaps should be stricken out. The language is:

> *Provided*, That in negotiating such lease or leases, or in making such change in an existing lease, the board shall consider the principles herein enumerated and shall be bound by the limitation herein set forth, but shall have no authority to alter the requirements as to quantity and quality production of fertilizer bases or fertilizers.

I was glad to find that language in the bill, because I felt that this bill in creating a power of attorney, giving the board very broad authority, at least carried a limitation in the interest of agriculture in the language just read. If, however, that provision may be interpreted as meaning that the board can comply therewith by simply demanding that a minimum amount, an infinitesimal amount of fertilizer ingredients, be manufactured, then that language would have no real meaning.

The SPEAKER pro tempore. The time of the gentleman from Arizona has expired.

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman one additional minute.

Mr. DOUGLAS of Arizona. May I reply in this way, sir, that subsection (a) of section 2 hinges entirely upon the adaptability of these properties to the production of fertilizer? If they are adapted or if either of them is adapted, then these things must be done.

Mr. GARRETT. Who decides the question of adaptability?

Mr. DOUGLAS of Arizona. The board; but if both of them are not adapted to the production of fertilizer, then, as I construe this language, the production of fertilizer is not compulsory.

The SPEAKER pro tempore. The time of the gentleman from Arizona has again expired.

Mr. SNELL. I yield the gentleman one additional minute, so that the gentleman from Iowa may ask him a question.

Mr. THURSTON. The gentleman is a distinguished engineer and has a decided advantage over the average Member in considering a subject of this character. But, granted that the Cove Creek Dam is built and will cost from $37,000,000 to $40,000,000, will the gentleman explain the advantage to the Federal Government in taking such a sum from the revenues to be applied in that manner?

Mr. DOUGLAS of Arizona. May I say that some time later on I think the chairman of the committee is to yield me additional time to continue the explanation of the bill. If the gentleman can wait until that time, I would be delighted to try to answer his question.

The SPEAKER pro tempore. The time of the gentleman has again expired.

Mr. BANKHEAD. Mr. Speaker, I yield 10 minutes to the gentleman from South Carolina [Mr. McSWAIN], member of the committee.

The SPEAKER pro tempore. The gentleman from South Carolina is recognized for 10 minutes.

Mr. McSWAIN. Mr. Speaker, I greatly regret that there was a difference of opinion between myself and other members of the subcommittee which prepared this bill for the full committee, but I think our differences may be restricted to two particular questions. The first question relates to the matter of the divisibility of the property for purposes of leasing.

It is my understanding of the nature of the property, after personal inspection and study of it for several years, that its divisibility into two or more parts, to be leased to two or more lessees, will militate against the advantageous leasing of the property for the purposes of agriculture.

In other words, the power feature is very attractive. The fertilizer end of it is unattractive. It has been the policy of the Committee on Military Affairs from the very beginning to insist that these two shall be tied together, so that fertilizer shall ride, as it were, upon the economic and financial benefits of power, so that whoever wants the advantage of power shall also at the same time take the disadvantage of fertilizer. [Applause.]

Mr. HILL of Alabama. Will the gentleman yield?

Mr. McSWAIN. I yield.

Mr. HILL of Alabama. In other words, unless they make nitrogen there is no power?

Mr. McSWAIN. Of course, that is what I mean. Of course, nitrogen is the base of fertilizer.

Mr. SNELL. Will the gentleman yield?

Mr. McSWAIN. I yield to the gentleman from New York.

Mr. SNELL. What does the gentleman mean by "disadvantage of fertilizer"?

Mr. McSWAIN. I mean, as I stated, that the manufacture of fertilizer as a separate business at Muscle Shoals, is no more attractive there than it is in Baltimore, or Charleston, or Richmond. It has in itself no inherent attraction to induce capital to go to Muscle Shoals to start the manufacture of fertilizer. It has, therefore, always been the policy of the committee from the very first, when the gentleman from Washington [Mr. MILLER] was a member of the committee that the lease should be made to one party. You will find a report of our committee signed by the gentleman from Washington [Mr. MILLER], by the gentleman from Mississippi [Mr. QUIN], and by the present Senator from Vermont [Mr. GREENE], and a number of others, in 1922, to the effect that all parts of this entire proposition should go together, and that the lease should be made to one and to one person only.

Mr. WURZBACH. Will the gentleman yield?

Mr. McSWAIN. I yield.

Mr. WURZBACH. It is true, however, that this bill provides that the power can not be leased unless the nitrate plants are also leased; and it is also true that in this bill this board has the option of leasing either in whole or in part?

Mr. McSWAIN. That is absolutely true, but while that is categorically true what I fear is this, as stated in the views I filed separately, that a man of straw might be put up to take the fertilizer lease and thereby make it possible for some one else to take the power lease; in other words, to set the machinery in motion to unlock the operation of the bill. And the man of straw in a few years, after the expiration of the first five years, which is guaranteed by a performance bond, will fade out of the picture, and thus the fertilizer aspect would disappear forever. That is what I fear.

Now, gentlemen, of course, I recognize that discretion must be vested somewhere. I think if I were one of the three gentlemen appointed by the President, there never would be a lease signed unless it took care of the fixation of nitrogen for agricultural purposes. But we do not know who they will be, and it is now in our power, if we exercise that power, to say that the production of nitrogen for agricultural purposes shall be guaranteed by the advantages and benefits which accrue from power.

Mr. BRIGGS. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. BRIGGS. It is my understanding, however, that it is now left to this commission to determine whether it is feasible to produce nitrates at this point. Why did not the committee determine that matter in advance for itself and let Congress determine it instead of leaving it to this leasing commission?

Mr. McSWAIN. I will say to the gentleman that I doubt if very many Members of Congress have ever visited Muscle Shoals. I have visited there, but I am not a scientist; I am not a chemist; and I can not say legislatively that nitrate plant No. 1 or nitrate plant No. 2 will fix nitrogen so economically that it will be advantageous for fertilizer. I can not say that legislatively. It is a scientific problem and there will necessarily be a great deal of talk about it.

Mr. BRIGGS. But would not the commission have to depend upon the same source of information that this committee and the Congress would have to depend upon in reaching that conclusion?

Mr. McSWAIN. Certainly. But the three men will have an opportunity we do not have.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. HILL of Alabama. But the gentleman would absolutely insist upon having a guaranteed minimum annual production of nitrogen?

Mr. McSWAIN. Yes. I will say to the gentleman I have in my hand a bill which represents my idea of how the matter ought to be solved. It is H. R. 12097, which is printed in this morning's RECORD for the information of the House, and at the proper time I propose to ask that this bill be substituted for the entire proposition pending in the amendment offered by the committee, and it will be up to the House as in Committee of the Whole to say whether or not that substitute will be in order.

Mr. SNELL. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. SNELL. Would the gentleman think it would be good legislation to insist on having nitrates manufactured at Muscle Shoals if it were proved not to be feasible and that they could be manufactured cheaper at any other point in that locality?

Mr. McSWAIN. Certainly not.

Mr. SNELL. Then why does the gentleman insist upon having them manufactured there?

Mr. McSWAIN. For this reason: I provide in this bill that they must make a minimum amount of nitrogenous plant food and a minimum amount each year of fixed nitrogen, provided it will sell, but if it will not sell, then, of course, the fertilizer feature must fade out. If that cost element is audited and checked, as it will be, it is my belief it will sell; it is my belief that nitrogen made at Muscle Shoals will be from 25 per cent to 40 per cent cheaper than it is now being sold on the market, and it is my belief that if we put the two things under one head and tie them together it will break the back of the Chilean nitrate trust that has been riding upon the backs of the farmers of the world for almost 50 years. The farmers of America in the last 50 years have paid to the Chilean Government $265,000,000 in export duties on Chilean nitrate, of which the Chilean Government has an absolute monopoly. The farmers and the people of the whole world must have paid $1,000,000,000 in export duties to the Chilean Government. [Applause.]

Mr. COX. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. COX. I would like some information with reference to the language appearing in the second paragraph of the first section of the bill. The language is:

> The leasing board is hereby directed to appoint appraisers—

And so forth, who shall appraise the property, which appraisement—

> shall represent the present fair value of United States properties involved.

I am sure it must have occurred to the gentleman that what is done with respect to fixing the present fair value of the property will largely determine the question of the benefits flowing to the farmer through cheap fertilizer. Now, this is my question: Value is a relative term. What is meant by "present fair value"? Is it the value of the thing in use or is it its value in exchange?

Mr. McSWAIN. Well, the gentleman has gone into refinements on which I can not follow him. I undertake to say in my bill the present fair, reasonable, and economic value. I do not know what that means, and it is simply left to the common sense, the practical business judgment, of the appraisers, to be approved by the board, to say what is the fair and reasonable value.

Mr. COX. Does the gentleman not agree that the fertilizer feature of this bill depends upon the action of the board in determining the value of the thing?

Mr. McSWAIN. Not necessarily, because the bill provides that those parts of the plant used for the fixation of nitrogen for agricultural purposes shall not be compelled to contribute to any amortization fund whatever. It goes scot-free of such obligation and is only compelled to pay a reasonable rental for the use of the property.

The SPEAKER. The time of the gentleman from South Carolina has expired.

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman three more minutes.

Mr. COX. May I continue the question?

Mr. McSWAIN. Make it a definite question, please.

Mr. COX. What is the basis of fixing the true, fair value of the property? Do you take into consideration the cost of the thing, the revenue that has been obtained, the losses sustained, or will the commission or the board be governed by the purposes of the act?

Mr. McSWAIN. I do not know what will be taken into consideration, and the Congress or the legislative body can not know. We can not say what the value of that property is. All we can know, perhaps, is what it has cost.

Mr. COX. If the board fixes the fair value of the property, whatever basis of calculation may be adopted by the board, at $50,000,000, does the gentleman not agree that there will not be any possibility of getting fertilizer at a price competitive with the products of private manufacturers?

Mr. McSWAIN. No; I do not. I say that the Wilson Dam itself is worth in the neighborhood of $50,000,000, on an economic basis, for the production of power, and if that be the basis of valuation, then the entire nitrate plants, No. 1 and No. 2, would go free of assessment or valuation. I think that property must be worth somewhere between $60,000,000 and $75,000,000; but that is simply my judgment. I do not know.

Mr. COX. But fixing the value at $50,000,000 or $60,000,000 means we will get no cheap fertilizer, because that represents the investment upon which the Government, under its lease, must have a return.

Mr. McSWAIN. But the bill does not say what the return must be. It only says a 4 per cent amortization fund on a 50-year basis. It does not say what the rent shall be, and

when I figure that the cost of nitrogen for agricultural purposes will be cut from 25 per cent to 40 per cent, I figure on an assumed valuation of between $60,000,000 and $75,000,000.

Mr. LANKFORD of Georgia. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. LANKFORD of Georgia. The gentleman, to a certain extent, has anticipated my question. There may be a contract made as to fertilizer and a different one made as to electrical energy, and the contract with respect to fertilizer may fall down, and the fertilizer company become insolvent, and still part of the plant may be operated by another company under a 50-year lease for the creation of electrical energy. That is the real danger in the bill, is it not?

Mr. McSWAIN. That is the danger in the bill, as I have pointed out time and again.

Mr. BANKHEAD. Speaking from the standpoint of the development of fertilizer for the benefit of the farmers in some substantial quantity, after the gentleman has analyzed the provisions of the so-called Norris bill with respect to its features in regard to the manufacture of fertilizer and the pending committee bill before the House upon that same feature, assuming that a bill should be passed and a lease made, which of these two bills, in the gentleman's opinion, provides the best assurance for the production of fertilizer that we have all been seeking?

Mr. McSWAIN. That is on the assumption that the Norris bill becomes law as it now stands written here, or that this bill becomes law as it is written here. As between the two, the best bet for the farmer is the bill that this committee has brought in [applause], because the Norris bill does not provide for fertilizer to be sold to the farmers of this country. You will not find in the Norris bill, as it is written, any provision for the sale of fertilizer.

Mr. COX. But the Norris bill does provide that some part of the property shall be devoted to the manufacture of fertilizer.

Mr. McSWAIN. For experimental purposes only, and it does not provide that one pound shall be sold. You will not find in the bill where one pound is to be sold to the farmers of this country. It is for experimental purposes only.

Now, I sat in this subcommittee as a member, and I want to say there are in this bill some provisions that are better than have ever been in any bill that has been before the Congress with reference to the disposal of Muscle Shoals. One of them is—and I call your attention to this, gentlemen, and it is important—I am trying to be fair about this. I want to be fair. I want to see this problem settled, and that is the reason I am going to offer the substitute at the proper time to dispose of the whole thing forever. One of the features that is highly important is a direction that in making the leases the negotiators and the President shall take into consideration the value of secondary power.

For 50 per cent of the time there are 265,000 horsepower susceptible of being developed at Wilson Dam alone. Now, whenever we have had lessees before us, such as the Henry Ford offer, the Cynamid offer, or any other, the whole negotiation has been on the basis of the quantity and the value of the prime power only, which is about 78,000 horsepower, and when we were talking to the Cyanamid people they would not think of considering the value of this 260,000 horsepower 50 per cent of the time.

Mr. WRIGHT. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. WRIGHT. The gentleman stated, in effect, that as a fertilizer-manufacturing proposition Muscle Shoals would not be any more attractive than other points.

Mr. McSWAIN. Not any more than Washington, D. C., and maybe not so much.

Mr. WRIGHT. But the power proposition is attractive?

Mr. McSWAIN. Very attractive, in my humble judgment.

The SPEAKER. The time of the gentleman from South Carolina has again expired.

Mr. BANKHEAD. Mr. Speaker, I yield the remainder of my time to the gentleman from South Carolina in order that he may answer some questions.

Mr. WRIGHT. Does not the gentleman mean by that statement that this proposed lease ties the lessee down to an 8 per cent profit in the fertilizer he produces and sells?

Mr. McSWAIN. Yes.

Mr. WRIGHT. And, if under such terms he had to go there and lease or buy power at the market price, it would not be attractive with that kind of proposition, because he is tied down to a profit of 8 per cent.

Mr. McSWAIN. That has been the opinion of the committee for 10 years.

Mr. WRIGHT. And the real incentive or the real reason a lessee would go there to manufacture fertilizer would be for the advantage he would get out of the power?

Mr. McSWAIN. Yes.

Mr. WRIGHT. And that is why the gentleman thinks they ought to be tied together?

Mr. McSWAIN. Yes. And this is a consideration we must not forget. The more nitrogen we fix for fertilizer in time of peace, the better prepared we are for the fixation of nitrogen in time of war, and all the battleships in the world, irrespective of any limitation of naval armament, are powerless without either synthetic nitrogen made in some such place as this or nature's nitrogen in Chile.

Mr. TAYLOR of Tennessee. In the course of the subcommittee's deliberation, did they at one time give serious consideration to reporting an alternative bill?

Mr. McSWAIN. The gentleman must not ask me that question. I said a lot of things that I do not want to talk about. I got mad at times and I would not want the RECORD to show what I then said. It is best not to go into the committee proceedings.

Mr. TAYLOR of Tennessee. Did not they go to the expense of providing a committee print for an alternative proposition?

Mr. McSWAIN. Oh, they had committee prints.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. OLIVER of Alabama. I have been greatly impressed with the gentleman's interesting report appearing in the RECORD this morning. I wish to ask every Member of the House to read it.

The SPEAKER. The time of the gentleman from South Carolina has expired.

Mr. SNELL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. RANSLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of Senate Joint Resolution 49, to provide for the national defense by the creation of a corporation for the operation of the Government properties at or near Muscle Shoals, in the State of Alabama, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. MAPES in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of Senate Joint Resolution 49, which the Clerk will report.

The Clerk read the title of the joint resolution.

Mr. RANSLEY. Mr. Chairman, I ask unanimous consent that the first reading of the joint resolution be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. Under the rule there are three hours for general debate.

Mr. RANSLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. WURZBACH].

Mr. WURZBACH. Mr. Chairman, Congress has had the matter of the disposition of Muscle Shoals before it for over 10 years. I am going to prophesy that unless the Members of the House get together in a spirit of compromise that it will be another 10 years before this great problem is disposed of.

Now, it is impossible to discuss this bill in detail in 10 or 15 minutes, or even in one hour. The bill is written in plain language. The report removes any doubt as to the meaning of the bill. There is nothing concealed. The House does not have to construe the language of the bill. It needs no construction. It is simply a matter of passing judgment upon the merits or demerits of the bill.

The bill provides generally for the leasing of what is known as the Muscle Shoals property for a period of 50 years, and authorizes the President to appoint a board of three members to make disposition of it within the general limits prescribed in the bill. It provides first for large-quantity manufacture of fertilizer. That is, in my opinion, its most important feature, and that is the proposition upon which this whole Muscle Shoals question has been sold to the farmers of the country, and we should insist upon that feature being kept predominant.

It provides for national defense. It provides for the construction at the initial, but not the ultimate total expense of lessees, of Cove Creek Dam, except that the Government indirectly con-

tributes to lessees a part of that expense chargeable to flood control and improved navigation of the Tennessee River.

The objection might be made to the requirement that the Government pay a part of the construction cost of Cove Creek Dam, but it must be remembered not only that such contribution is fully justified on account of the benefits that will result from flood control as affecting the Tennessee Valley and on down the Mississippi River to the Gulf of Mexico and of navigation of the Tennessee River, but it must also not be forgotten that the power increase of Government-owned Wilson Dam resulting from the construction of Cove Creek Dam will be so great that it will more than compensate the Government for its contribution to flood control and navigation. I do not believe there will be any difficulty in leasing this property because of the fact that the lessee must build Cove Creek Dam. If, as is conceded, power is the most attractive and most profitable portion of the Muscle Shoals properties, then manifestly a doubling of that power will not hinder it but help the leasing of it. Except for the Government's contribution as aforesaid for flood control and navigation, it has no other expense in this bill except the additional administrative expenses, which are comparatively nominal and will continue for a very limited period, and which are probably less than the Government is now paying for upkeep of the Muscle Shoals properties.

Mr. OLIVER of Alabama. Would it interrupt the gentleman if I should ask a question in that connection? Since the gentleman has called attention to the fact that the Government is vitally interested in the construction of Cove Creek Dam because of the duty devolving on the Government to improve navigation and control the floods of the Tennessee and to increase primary power at Dam No. 2, and since he estimates that the increase of primary power at Dam No. 2 will more than pay the cost of constructing Cove Creek Dam, why should there be any objection to the Government constructing this dam?

Mr. WURZBACH. I do not think there should be the slightest objection. Cove Creek Dam should by all means be constructed. It is the key to the whole proposition. It makes the Muscle Shoals problem a national problem of national importance.

Mr. OLIVER of Alabama. The committee provides that it must be so constructed and operated and maintained as to benefit navigation, benefit flood control, and increase the primary power at Dam No. 2.

Mr. WURZBACH. Yes; that is true. And not only has the Government no other expense than the expense just mentioned, but this bill also provides that the Government shall be repaid a part of its investment at Muscle Shoals. The bill provides for payment to the Government of the appraised value of all its properties, except only so much of the property as is used in fertilizer manufacture; and the bill also provides for payment for the use of the property.

I listened with a great deal of interest to the remarks of my good friend, the gentleman from South Carolina [Mr. McSWAIN]. I do not see any real substantial conflict between his views and the views of the rest of the committee. The gentleman from South Carolina for the last eight or nine years has taken as great, if not greater interest, in the matter of the proper solution of this difficult problem of the disposition or lease of Muscle Shoals than has any other member of the Military Affairs Committee. He has offered many suggestions that are written in this bill, and he has offered many criticisms, and his criticisms have always been fair and constructive. If I had the time, I believe I could demonstrate that his objections are not so vital as to cause him to oppose this bill in its present substantial form or to influence any Member to vote against it.

It should be remembered that in writing this kind of a bill it should not be made too inflexible. We have heretofore attempted to write a leasing bill and have failed. If you make a lease authorizing bill too inflexible, you destroy the very purpose of it, in that you make it probably impossible for the board to lease the property at all. I would much rather have less inflexibility, because then we are only placing a larger discretion, and consequent larger duty and responsibility upon the board. Having confidence in the President and the board he will appoint, I have no misgivings on that account. We delegate power whenever we enact any kind of legislation. We do that every day. You have got to trust someone to execute the laws that you enact. Every time we enact a law another branch of the Government—the Executive—has to execute it. Why hesitate in this kind of law?

I have been a Member of the House for about 10 years. I know the membership. I know that they are honest, patriotic, and wise, but I have not yet come to the conclusion that there are only 531 honest, patriotic, and wise men and women in the United States, and that all of them have been elected to the House and the Senate. We must leave something to the President and the board—some latitude, some judgment and discretion. I am willing to trust the President, and to trust him to select honest and capable members of the board. He will be not only our agent appointed by this bill if it becomes law, but he has also already been selected as the agent of the American people. In the last election by a majority vote of 40 out of 48 States he was elected as the Chief Executive of the Nation to execute the national law, and I am ready now to trust him to cooperate with and to appoint the right kind of a board, to carry out faithfully and patriotically the legislative will as it is expressed in this bill.

Mr. TAYLOR of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. WURZBACH. I am sorry, but I can not. I am afraid that it will be impossible in the allotted time to half cover the case as it is. I think the country is peculiarly fortunate in having just such a President as we have now to carry out the provisions of this particular bill. He is recognized as being one of the first 10 engineers in the world, and we may rest assured that our constituents, whose agents also we are, will not blame us if we intrust the execution of this contract to their and our elected representative. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. RANSLEY. Mr. Chairman, I yield two minutes more to the gentleman from Texas.

Mr. WURZBACH. I want now to say only a word about the objection raised by the gentleman from South Carolina [Mr. McSWAIN] that this bill does not require the leasing of all this property to one lessee. I call attention that neither does it declare that it shall be leased in parcels. It is left to the discretion of the board. They may find it advantageous to lease all the property to only one lessee. They may find, on the other hand, that it is more advantageous, or even necessary, to lease to more than one lessee, and I am satisfied that if the board finds that it can make a more advantageous lease to one lessee, it will elect that course. That is another matter of discretion that is, and should be, left to the board. I wish I had the time now to discuss the alternative proposition which I understand will be offered as an amendment, but my time is up and I shall probably have time to discuss that when the bill is read under the 5-minute rule.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. QUIN. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. GARRETT].

Mr. GARRETT. Mr. Chairman, ladies and gentlemen of the committee, the question of Muscle Shoals has been before Congress for a decade. During all of that time it has been considered by the Committee on Military Affairs, by virtue of the jurisdiction that that committee acquired because of the national-defense feature of Muscle Shoals. During these 10 years I have had but one prime object or, I might say two, in the disposition of Muscle Shoals. First, I want Muscle Shoals disposed of in a way that will bring to the farmers of the country cheaper and better fertilizer; and, second, in no event must it ever pass into the hands of the power interest of the country and become a mere power proposition.

Let our minds go back to 1916, when all America stood aghast, as we gazed upon the great conflagration that involved all Europe, when everyone, as they watched the flames mount higher and higher, was asking themselves the question, "Will those terrible fagots fall on our shores?" In a short while the awful question was answered; they did, and our Nation was drawn into that world catastrophe of sorrow, misery, and death. Out of this, Muscle Shoals was born.

Now, after 10 years' agitation and delay, the Congress of the United States comes again to consider Muscle Shoals and endeavor to answer the inquiry so often made: "What shall we do with it?"

The very creation of Muscle Shoals, therefore, grew out of a military necessity on the part of the United States to prepare for her national defense in the manufacture of nitrates to be used for explosives in times of national emergency, and to save her people from further extortions and exactions on the part of the Chilean Nitrate Trust. While the European war was raging, which later became known as the World War, the United States was brought face to face with the very serious question that in the event we were drawn into this terrible world catastrophe, "Where would we get sufficient nitrates for the manufacture of munitions of war in the interest of our own national defense?" and the Congress passed in June, 1916, what is known as the national defense act, and section 124 of this act brought Muscle Shoals into existence. Section 124 provides that:

The President of the United States is hereby authorized and empowered to make, or cause to be made, such investigation as in his judgment is necessary to determine the best, cheapest, and most available means for the production of nitrates and other products for munitions of war and useful in the manufacture of fertilizers and other useful products by water power or any other power as in his judgment is the best and cheapest to use; and is also hereby authorized and empowered to designate for the exclusive use of the United States, if in his judgment such means is best and cheapest, such site or sites, upon any navigable or nonnavigable river, or rivers, or upon the public lands, as in his opinion will be necessary for carrying out the purposes of this act; and is further authorized to construct, maintain, and operate, at or on any site or sites so designated, dams, locks, improvements to navigation, power houses, and other plants and equipment or other means than water power as in his judgment is the best and cheapest, necessary, or convenient for the generation of electrical or other power and for the production of nitrates or other products needed for munitions of war and useful in the manufacture of fertilizers and other useful products.

And under section 124 of that act Muscle Shoals came into legislative existence. As you have seen, that act provided that Muscle Shoals should be adapted to the manufacture of nitrates for national defense and for the manufacture of fertilizer for the farmer.

After the World War had been concluded by the signing of the armistice and the treaties of peace by the belligerent nations, the question immediately arose as to what the Government would do with the gigantic plant constructed at Muscle Shoals, Ala., in accordance with section 124 of the national defense act.

The construction of Muscle Shoals, in round numbers, cost the taxpayers of the United States over $160,000,000; this valuable property must not be lost to the farmers of America and to the Government.

Various and sundry bills have been introduced in the Congress of the United States for the disposition of Muscle Shoals, running over a period of now about 10 years, and on account of Muscle Shoals being linked with the national defense, all of these bills have been referred to the Committee on Military Affairs, beginning with the Ford offer for the lease of Muscle Shoals. In the early consideration of all of these bills the Committee on Military Affairs deemed it necessary, in obedience to the provision of the national defense act, to declare a policy with reference to the consideration of all bills providing for the disposition of Muscle Shoals. To this end, in the early consideration of this question, the Committee on Military Affairs passed a resolution that it would not give serious consideration to any bill providing for the purchase or lease or use of Muscle Shoals, property of the Government of the United States, unless it contained the following fundamentals and essentials:

First. That the property shall at all times be subject to the absolute right and control of the Government for the production of nitrates or other ammunition components of munitions of war, and that nitrate plant No. 2 must be kept available therefor by the purchasers, lessees, or users of the property.

Second. That the purchasers, lessees, or users of the property shall be obligated in the strictest terms to the manufacture and sale to the public of fertilizers in time of peace.

Third. That any proposal for the purchase, lease, or use of the Muscle Shoals property of the United States Government must be for the entire property, except the so-called Gorgas plant and the transmission line therefrom.

One of the essentials of the fundamentals heretofore laid down by the Committee on Military Affairs was that whenever the property at Muscle Shoals was leased to any person or corporation, that the lease must provide for the letting of the entire property except the so-called Gorgas plant and the transmission line therefrom.

The present bill as now reported by the Committee on Military Affairs provides that the lease may be made for this property or any part thereof for a period not to exceed 50 years.

If the Congress now proposes to segregate Muscle Shoals by the passage of this act and lease a part of it, to wit: The power, to one person or corporation, and another part, to wit: The manufacture of fertilizer, to another person or corporation, it is perfectly clear that the hydroelectrical power plant at Muscle Shoals would become of first importance, and the question of the manufacture of fertilizer to aid the farmers and truck growers of the country to rehabilitate their worn-out lands, would become of secondary importance, and in a short while the fertilizer feature of Muscle Shoals would fade out of the picture and the whole proposition would then pass into the hands of the power interests. In fact, the bill that the House is now considering is, in my opinion, nothing more nor less than a bill for the disposition of the hydroelectric power at Muscle Shoals. The consideration of this measure before the Committee on Military Affairs at this time demonstrates beyond the peradventure of a doubt that the question of the disposition of the power at Muscle Shoals is of transcendent importance as compared with the proposition for the manufacture of fertilizer for the farmers of this country. The great political parties of this country are usually profuse in their platform declarations in behalf of the downtrodden, neglected farmers, and this applies to one party as much as to the other.

Members of Congress go out upon the hustings and proclaim their undying allegiance to the men and women who till the soil and feed and clothe the world, but when a great proposition comes before us to bestow a real blessing upon those who drag the cotton sacks between the rows and till the fields of corn, wheat, tobacco, and rice, we seem to be afraid to do something for the farmer for fear that we might be charged with being guilty of putting the Government into business, forgetting that in the disposition of Muscle Shoals we are dealing with the property of the Government itself, a property, if you please, as before stated, that has caused the taxpayers of this country, including the farmers as well as the others, $160,000,000, and for 10 years we have permitted this property to lie idle, so far as the farmer is concerned, and have permitted it to be leased to the Alabama Power Co. on short-term leases from which that company has, and is, and will continue to make millions of dollars of profits. How much fertilizer, may I ask, does the present bill require should be made? The present bill only requires the lessees to produce, within three years and six months from the date such lease or leases shall become effective, such fertilizer basis or fertilizers containing not less than 10,000 tons of fixed nitrogen. This, too, in the face of the fact that heretofore the Committee on Military Affairs has never given serious consideration to any lease of Muscle Shoals which did not provide for at least 40,000 tons of fixed nitrogen per annum.

It is true that there is other language in the bill that might indicate that the committee expects more than that amount to be made, but the language with reference to such increases is so vague and indefinite that no one reading the act could reasonably expect that there would ever be produced for fertilizer purposes a greater amount than the minimum amount referred to in the bill which, under the unlimited power of the board to determine whether or not the reasonable demands of the market would require the manufacture of a greater amount than the 10,000 tons minimum, this amount would immediately become the maximum amount of fertilizer to be made, which of itself would be so small and so far below the expectations and demands of the farmers of the country that they would soon lose all interest in Muscle Shoals as a friendly project of theirs, and then in a short time all of Muscle Shoals would become a great power plant and pass into the hands of the power interests.

I am one of those who believe that a great private monopoly of a public necessity is intolerable, indefensible, and destructive of the rights and liberties of the people themselves. If, in the disposition of Muscle Shoals, it shall, in the end, as I firmly believe it will, become a power proposition with but little attention paid to fertilizer, then the question arises, Who will get this power and how will it be allocated?

First, I want this House to understand here and now that there is but one company that has transmission connections with Muscle Shoals and that company is the Alabama Power Co., and that under the provisions of this bill the Alabama Power Co., and that company alone, will receive all of the power generated at Muscle Shoals, because under the terms of this bill no one else can put themselves in a position to receive the power.

Read, if you please, subsections (h) and (i) of section 2 under the head of Allocation and Sale of Surplus Electric Energy and see if it is probable—or, if you want to use stronger language, if it be possible—for any State, county, or municipality, or other political subdivision who might want to make demands for the electrical energy created at Muscle Shoals, to receive the same. The bill upon its face would appear to give the States, counties, and municipalities a prior right to this energy, for it provides that this may be done where such State, county, or municipality may make demand and agree to pay a reasonable price therefor, but I ask you, can they make such demand, how can they agree to pay a reasonable price therefor when there is not one mile of transmission line going out from Muscle Shoals to any such State, county, or municipality that is not owned by the Alabama Power Co.? Therefore, before any State, county, or municipality or other political subdivision could make a demand for electrical energy generated at Muscle Shoals it would have to first build its own transmission lines at a cost of $30,000 per mile into Muscle Shoals, for there would be no other way for it to receive this current except over the transmission lines of the Alabama Power Co. As you will note,

there is no provision made in this bill that will authorize the lessee to construct or maintain any transmission line. Therefore, having no authority to build transmission lines, no one would expect them even to attempt to construct other transmission lines. Section 11 of the Norris bill takes care of this situation in the following language:

In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of power it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power to construct, lease, or authorize the construction of transmission lines within transmission distance in any direction from said Dam No. 2 and said steam plant: *Provided further*, That if any State, county, municipality, or other public or cooperative organization of citizens of farmers, not organized or doing business for profit but for the purpose of supplying electricity to its own citizens or members, or any two or more of such municipalities or organizations shall construct or agree to construct a transmission line to Muscle Shoals, the board is hereby authorized and directed to contract with such State, county, municipality, or other organization or two or more of them for the sale of electricity for a term not exceeding 30 years.

Section 124 of the national defense act has been fundamental with the Committee on Military Affairs from the very beginning of the consideration of this question. I am somewhat surprised to-day to find the gentleman from Arizona [Mr. DOUGLAS] make the statement that the question of the availability or adaptability of Muscle Shoals for the manufacture of fertilizer may now be left to the board created by this proposed legislation, which may decide that it is neither adaptable nor available for the manufacture of fertilizer. This question has never been raised before.

It is available and it is adaptable to the manufacture of any and all kinds of commercial fertilizer. Mr. Ford, when he offered to take over Muscle Shoals, believed it to be both available and adaptable, and he was anxious to make fertilizer upon a large scale at Muscle Shoals and at a very reasonable profit. The American farmers throughout the country have knocked on the doors of the Committee on Military Affairs and said, "We want fertilizer made at Muscle Shoals." All the lessees that have made offers for Muscle Shoals have said it could be used, and ought to be used, for the purpose of manufacturing fertilizer. Yet we have never been able to get a measure passed by the Congress and signed by the President.

So, my friends, according to the gentleman's statement of adaptability that the board can decide that question, then we are giving the President of the United States in this bill the power to appoint a board that can destroy Muscle Shoals as a fertilizer proposition solely upon the question that it is not adaptable for that purpose.

And then what? It becomes a power proposition and passes into the hands of the Alabama Power Co.

Why do I say that? Because there is no other power company in the United States that owns 1 mile of transmission lines entering into and departing from Muscle Shoals except the Alabama Power Co. That company and that company alone is operating it to-day and getting a favorable lease from the Government, selling the power to the people and carrying it over its own transmission lines at a tremendous profit.

Ah, my friends, our political parties—both Republicans and Democrats—when we go into conventions to write platforms and to make platform declarations view with alarm and sorrow the sad condition of the farmers of the country. We call the world's attention to their deplorable condition. We go on the stump and we preach to the men that drag the cotton sack between the rows, or toils in the fields of grain, who feed and clothe the world, and tell them that they should be of the first consideration at the hands of the Congress of the United States; but when we come to consider a great proposition that will be a blessing for all time to the farmers of this country and the truck growers, in building up their worn-out lands, in enriching their depleted soil, we find ourselves impotent and powerless to relieve him from the Fertilizer Trust that controls prices from one end of the country to the other.

If you Members of the Congress doubt for one moment the anxiety of farmers of this country about getting cheaper fertilizer, go ask the farmer what he is paying for fertilizer to-day compared with what he paid in the years gone by. Why can not we do something for our toiling people? Are we afraid that we shall be charged with departing from some traditional teaching of the fathers by putting the Government into business? There is not a man in this House or out of it who believes in the doctrine that the Government of the United States ought not to enter into business in competition with its citizens, except in cases of necessity or emergency, more than I do. Yet I do not hug that doctrine to my bosom so tightly, nor do I hold it before my eyes so closely, that I will deny my own Government in the interest of its own defense the right to operate its own property. [Applause.]

Why do we have arsenals over the country to make munitions of war, and why did we ever have them? Because our fathers believed that the military secrets of this Government should not be confided to the breasts of those who controlled private interests but that the Government should own them itself, with men in charge of them who were sworn to support and defend the Constitution of the United States against all enemies, foreign and domestic. That is why the Government owns and controls its arsenals now. The same interests that would have you and I turn our backs on Muscle Shoals would have us abandon our arsenals of the country in the manufacture of munitions of war, and turn them over to private interest.

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. GARRETT. I yield.

Mr. MOORE of Virginia. Can any lawyer or anybody else see any distinction, as far as the Constitution is concerned, between the Government itself operating the plant and the Government leasing its operations?

Mr. GARRETT. It is only one of those distinctions without a difference.

Mr. WURZBACH. Will the gentleman yield?

Mr. GARRETT. I yield.

Mr. WURZBACH. Does the gentleman favor Government operation as described in the Norris bill, which does not provide for any fertilizer manufacture at all?

Mr. GARRETT. I will say to my colleague from Texas that while I am disappointed in the Norris bill in that it does not prescribe a fixed amount of fertilizer, the Norris bill does assert that there shall be fertilizer manufactured there on a large scale, and that it shall be distributed among the farm organizations of the country for experimental purposes, if you please; also that 1 per cent of the fertilizer made under the Norris bill shall be given to the farmers for experimental purposes. But the fundamental difference between this bill and the Norris bill is that the Norris bill does save Muscle Shoals for the farmers, and it does keep the Power Trust from taking it over, and the bill under consideration does neither, but will in my opinion finally turn this enormous governmental property over to the Power Trust. [Applause.] That is my opinion of the two bills.

Now, let me show you. According to this bill, they are going to make only 10,000 tons of fertilizer. It is the only bill that has ever come before Congress that provided for 10,000 tons of fixed nitrogen. The Henry Ford offer provided for 40,000; every person or corporation who has had a proposition before our committee has proposed to make from 40,000 to 50,000 tons, while this bill virtually stops at 10,000 tons. Why does it stop at 10,000? I will tell you why. Because, when you fix a minimum of 10,000 tons of fertilizer under the restrictions laid down in this bill, and it is only manufactured as there is demand for it, in the opinion of the board, and should the board be indifferent or unfriendly to the production of fertilizer, then this amount would immediately become the maximum. Ten thousand tons is about enough fertilizer for four or five counties down in Alabama. We want fertilizer made at Muscle Shoals on a large scale for the benefit of all the farmers throughout our great country.

The gentleman from Arizona [Mr. DOUGLAS] having raised the question of adaptability, and keeping in mind that he says the board created by this bill can determine whether or not Muscle Shoals is adaptable to the manufacture of fertilizer, should this board see fit to do so, you can see that they will never make over 10,000 tons of fixed nitrogen at Muscle Shoals; and, when they have a surplus of 2,500 tons and there is no reasonable demand for any more in the opinion of the board it stops altogether. I want the House to understand this. When they have made 10,000 tons of fixed nitrogen and when they have accumulated 2,500 tons of surplus, if this board desires there is no reasonable demand for any more, they stop. When they stop the production of fertilizer all of the power at Muscle Shoals, both primary and secondary, becomes surplus; and, what are you going to do with it? Now we come to the power feature of this bill.

If you will read this bill you would think they were not going to let any power companies buy any of this energy at all. They are going to sell it to States, to counties, political subdivisions, and so forth, if they will agree to pay the price. Do you know what the price is? I want you who think you have cities within transmission distance of Muscle Shoals to study carefully this feature of the bill just a moment. What is the price which municipalities and cities will have to pay? First, as I said before, there is no company that has any transmission line into Muscle Shoals except the Alabama Power Co. Now,

let us suppose that Memphis, we will say, which is 400 miles away, Birmingham, Ala., Nashville, Tenn., on out to Houston, Tex., if you please, 800 miles away, all should express a desire and make demand for electric power generated at Muscle Shoals. How would they ever get it? There are no transmission lines to any of these places that are publicly owned over which the current can be transmitted. The city of Nashville or the city of Memphis or the city of Birmingham, before they could ever get one kilowatt of this power would have to construct their own transmission lines into Muscle Shoals, at a cost of about $30,000 a mile. How long do you think they would be in getting electric power at Muscle Shoals?

The Government corporation created under the Norris bill to operate Muscle Shoals under its authority to dispose of the surplus electric power has authority to construct transmission lines out into the country from Muscle Shoals so that States, counties, municipalities, or groups of individuals may be supplied with electricity at a reasonable price. But if the Government did not see fit to do it, then the States, counties, cities, or other organizations might come forward and build them themselves and come into Muscle Shoals; but there is nothing in this act which permits it. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. QUIN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. GARRETT. I want to refer to this power proposition. They say this bill is written openly and fairly. It is. All you have to do is read it. It is open and fair. It is the openest thing I ever saw. It has the most wide open joker in it that I ever saw, and I will call your attention to that, and then I will close.

When you come to consider section 2, subsection (i), which deals with the allocation and sale of surplus power and electrical energy, I want you to read it and read it carefully, and mark well its language.

What does it do? It says they are not going to sell to great power companies until the States, counties, and cities have first been supplied. These power companies, therefore, are not supposed to get any of this surplus power which is generated at Muscle Shoals, except as above indicated. Now, mark you, when the board has closed up your fertilizer plant because it was not adaptable to the economic manufacture of fertilizer, which can be done according to what has been said by the gentleman preceding me, therefore, should this eventuality come to pass we would then be dealing with power alone. While the board is not supposed to sell this surplus power to these power companies or their allies, nevertheless they find themselves with a surplus of power and seem to have no way of disposing of the same. Now here is where the Alabama Power Co. comes into the picture. It is the only company that has transmission lines into Muscle Shoals, and while the board is not supposed to sell this surplus power to this company, yet we find this proviso in the bill:

Provided, however, That the sale of primary surplus electric energy or secondary electric energy by contract or otherwise to any such power-distributing company shall be permitted for periods of not to exceed 10 years.

So, finally, what do we find at Muscle Shoals? The board in charge has, perchance, decided it was not adapted to fertilizer; it has the right to sell power, but there is nobody to buy it except the Alabama Power Co. There are no transmission lines anywhere, and the board meets to make a final disposition of the power. They say, "We have all this power, and what shall we do with it?" All the board will have to do is follow that proviso and 10 years at a time for the next 100 years, if Congress does not stop them, can let the Alabama Power Co. have all the surplus power, as it has the only transmission lines to take it away. And thus your bill becomes a power bill. Your fertilizer is gone.

You ask me what I would prefer, and I do not hesitate a moment to say that, as far as I am concerned, interested as I have been in the fertilizer for our farmers and seeing it fade out of the picture as I do—being unalterably opposed to the selfish power interests taking over this property and exploiting it for their benefit, I would rather see and hear the waters go over the dams and locks of Muscle Shoals for 100 years waiting for a Congress to come that will decide and settle this question in the interest of farmers and all our people than to see it pass into the hands of the Power Trust to be exploited by them for their own selfish purposes. [Applause.]

Mr. RANSLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Arizona [Mr. DOUGLAS].

Mr. DOUGLAS of Arizona. Mr. Chairman, I have listened with a great deal of interest to the argument of the gentleman from Texas. It is predicated on the assumption that the board shall consider the plants to be unadapted to the production of fertilizer. It is further predicated on the assumption that all of the surplus energy is to be sold to the Power Trust. It is further predicated on the assumption that there is no language in the bill prohibiting the leasing of any portion of the properties to any private power distributing company. With respect to the first assumption I do not recall ever having said, and I do not recall having heard anyone else say, that the plants are not adapted to the production of fertilizer at the present time.

Mr. GARRETT. Will the gentleman yield?

Mr. DOUGLAS of Arizona. Yes.

Mr. GARRETT. Did not I ask the gentleman as to who would determine the adaptability, and did he not answer, the board?

Mr. DOUGLAS of Arizona. Exactly. The board shall determine whether the plants are adapted to the production of fertilizer or whether they are not. Apparently the Fertilizer Trust considers that there will be a great amount of fertilizer produced under this bill, and I call the attention of the Members of the House to the advertisement that was published in the Washington Post of this morning.

Mr. WRIGHT. Will the gentleman yield?

Mr. DOUGLAS of Arizona. I have a very limited amount of time and I am trying to explain the bill, but I yield.

Mr. WRIGHT. Does the gentleman think the Fertilizer Trust is always in earnest?

Mr. DOUGLAS of Arizona. I have not the faintest idea. I never came in contact with the Fertilizer Trust except before the Committee on Military Affairs. It seems to me the Members of the House should bear in mind that under the Ford offer there was no commitment to produce one pound of fertilizer, if Mr. Ford, in his discretion, found it to be uneconomical, and I refer the Members of the House to the hearings before the Committee on Military Affairs in which that statement was distinctly made. Further, I call the attention of the Members of the House to the provisions of the Cyanamid bill, which provided that if there were 2,500 tons of fertilizer in storage and the market did not demand a larger production that no larger production would be required of the lessee. Now, this bill goes farther than either of them because it provides that regardless of market demands there must be produced at least a given amount annually, to be determined by the board. Further, it provides that regardless of market demands there must be produced 10,000 tons in the first three and a half years. Bear that in mind. In addition, bear this in mind, that both the Ford bill and the Cyanamid bill committed the United States to an expenditure of approximately $50,000,000, whereas this bill commits the United States to an expenditure of not a cent.

With reference to the second purpose to be accomplished by leases, the committee felt that these properties and the power to be generated at the properties should be dedicated to first, the production of fertilizer; and, second, the development of industries. The language of the bill makes it possible for a person who might choose to manufacture fertilizer at Birmingham, by using the escaping gases from coke ovens, to become a lessee.

Further, under the language of the bill, a person who owns a deposit of bauxite or of zinc or of some other mineral or who owns an industry and who may want electrical energy for the beneficiation of his mineral deposit or for the operation of his industry, may become a lessee under this act.

With respect to surplus energy the committee felt it should be dedicated to municipalities. Surplus energy is that amount of energy which is not required by the lessees. The price to be paid by the municipality in the event there is some conflict between the lessee and the municipality is to be fixed not by the lessee but by the Federal Power Commission.

The committee in drafting this provision appreciated that by virtue of the fact the lessee would control the surplus power, it might have the authority to prevent the municipality from getting power, and in order to protect the municipality it was specifically provided that in the event of a controversy with respect to rates or with respect to allocation, the Federal Power Commission should decide the controversy.

Mr. LAGUARDIA. Would they not decide it originally?

Mr. DOUGLAS of Arizona. I doubt if they would have the authority unless it was specifically granted to them.

Mr. LAGUARDIA. Would the gentleman agree to such an amendment?

Mr. DOUGLAS of Arizona. Would the gentleman ask his question at the completion of my remarks because my time is so limited.

Thirdly, may I point this out to the committee. There are two different questions when one speaks of lease and sale of

electrical energy. The bill specifically provides that no part of the property shall at any time be leased to any private power-distributing company. This precludes the Alabama Power Co., any creation of the Alabama Power Co., any corporation allied with the Alabama Power Co., or with any other power company, and I ask the Members of this House to sincerely bear this in mind.

The bill does, however, permit the sale of surplus electrical energy; that is, electrical energy over and above the requirements of the various lessees and over and above the requirements of the municipalities to private power-distributing companies, but then only for 10 years; and the bill further makes such power sold to such power-distributing companies available to any municipality that may want it, provided it makes application for the power two years prior to the expiration of the contract with the private power company.

In this respect there is only one difference between the provisions of this bill and of the Norris bill. The Norris bill permits the sale of electrical energy to private power-distributing companies for periods of 10 years, but it does do this: It provides that if a municipality makes an application for power, then the power under contract to the private power-distributing companies shall be available to the municipality within two years or at the expiration of two years, and that is the only difference between the provisions of this bill and the Norris bill with respect to the sale of power to private power companies.

Mr. MORTON D. HULL. Will the gentleman yield for a question?

Mr. DOUGLAS of Arizona. Would the gentleman mind asking the question after I have finished? My time is very limited.

The fourth purpose of the lease is that the properties be maintained in the interests of national defense.

It is my opinion, and it is the opinion of the Committee on Military Affairs, that so far as the purposes of the lease are concerned they are to do the following things: To provide for the production of fertilizer; and, in our opinion, it does this to a greater extent than any bill which has heretofore been considered by the Congress; and, secondly, to building industries in the Tennessee Valley.

The Committee on Military Affairs felt that the Muscle Shoals properties could be used to the greatest advantage of the South by dedicating them to industrial purposes. That is what this bill does.

There is, however, another thing which the bill does. It provides that the lessee must construct the Cove Creek Dam under the terms of the Federal water power act.

The purposes of Cove Creek Dam are, first, to double the primary power at Muscle Shoals as well as to double the primary power at every site between Muscle Shoals and Cove Creek—Cove Creek, incidentally, is 300 miles upstream from Muscle Shoals—secondly, to control the flood waters of the Tennessee River, and, thirdly, to improve navigation on the Tennessee River.

The bill provides that the board shall determine the extent to which this dam will improve navigation and control the floods and that to the extent of such improvement in navigation and reduction in floods the United States shall make a contribution to the construction of the Cove Creek Dam. It provides that the amount of this contribution shall be made by way of remittance on the rental which the lessee must pay for the Muscle Shoals properties.

Mr. LaGUARDIA. It amounts practically to the Government building the Cove Creek Dam.

Mr. DOUGLAS of Arizona. Well, that is an engineering question which I am not qualified to answer at this time. I would say not.

Mr. WAINWRIGHT. Right on that point I wish to ask the gentleman whether the Government will get back the amount it contributes by amortization?

Mr. DOUGLAS of Arizona. I am coming to that. The bill provides that the cost of the Cove Creek Dam, both to the United States and to the lessee, shall be paid, at least in part—this is the exact language of the bill—by the collection of a royalty from all dams constructed below it, the amount of the royalty to be in proportion to the advantages accruing to such downstream projects.

The situation then is this. I have tried to roughly graph it, because it is the clearest way of presenting the picture. We have here the Cove Creek Dam [indicating], the estimated cost of which is, we will say, $37,000,000, and we will assume, just for the purpose of this argument, that the contribution of the United States to the construction of Cove Creek Dam is $10,000,000. This $10,000,000 over the course of years is to be paid to the lessee in the form of a remittal on the rent for Wilson Dam.

The United States, however, does not pay the $10,000,000 immediately to be applied against the cost of construction. The lessee pays the $10,000,000; he is to be remunerated by way of remittals, so that there is no direct drain on the Treasury of the United States.

What has Cove Creek Dam accomplished for Wilson Dam? It has doubled the primary horsepower, it has increased the primary horsepower by 80,000 horsepower. The lessee must pay Cove Creek a royalty on the amount of increase, and the United States gets its proportionate share of the royalty. That is in respect to Wilson Dam. In between Wilson Dam and Cove Creek there are 11 additional dam sites.

The licensees who construct the additional dam site must pay a royalty to Cove Creek by virtue of the fact that their primary horsepower has been doubled, and the United States shares again in that royalty. That is the financial structure of Cove Creek Dam.

The bill provides that at the expiration of the license—and mind you, no license under the water power act can be issued for a period of more than 50 years—the bill provides that at the expiration of the license the State of Tennessee shall have the right to recapture the dam by paying the net investment.

But in the event that the State does recapture the dam, it must operate it under the terms of the water power act, subject to the paramount right of the United States to control the Tennessee River in the interest of navigation.

The CHAIRMAN. The time of the gentleman from Arizona has expired.

Mr. RANSLEY. I yield the gentleman three minutes more.

Mr. DOUGLAS of Arizona. The question comes up immediately, what are the rights of the United States in this dam or in the operation of the dam? First, the right of the United States during the period of the license is to control its operation in the interest of navigation. The interest of navigation is synonymous with the interests of flood control and of doubling the horsepower at every dam lower down on the river.

Second, during the period of the license the United States has a right to condemn the dam under the terms of the Federal water power act.

At the expiration of 50 years it has the right to recapture the dam if the State does not exercise its right. If the State of Tennessee does exercise its right the United States has the power to control the operation of the dam in the interest of navigation. What are the rights of Tennessee during the 50 years' license—if that be the period? The State of Tennessee shall have the right to tax—an inherent and precious right of a State—and shall have the right to control the rates of power generated, although there will be but a very small amount of primary power.

It has the right to determine, in cooperation with the Federal Power Commission, the royalty to be collected from downstream dams.

Fourth, it has the right to acquire the plant at the expiration of 50 years of the license.

I think the House should understand that this bill with respect to Cove Creek Dam amends the water power act in two respects. First, the water power act provides that the royalty shall be determined by the Federal Power Commission. This bill provides that the royalty shall be determined by the Federal Power Commission acting jointly with the proper agency of the State of Tennessee. The committee felt that the right should be in the State; and if so, it conferred it. Second, the amount of royalty is proportionate to the benefits accruing, whereas under the Federal water power act the amount of royalty is rather an indefinite amount.

Thirdly, the water power act does not explicitly give the State the right to recapture, though it may do so by implication. This bill explicitly confers on the State the right to acquire at the expiration of 50 years. [Applause.]

The CHAIRMAN. The time of the gentleman from Arizona has again expired.

Mr. DOUGLAS of Arizona. Let me say in conclusion I have tried to give you a fair, honest statement so far as I have gone. [Applause.]

Mr. QUIN. Mr. Chairman, I yield 20 minutes to the gentleman from Alabama [Mr. HILL].

Mr. HILL of Alabama. Mr. Chairman, coming as I do from Alabama, the State in which Muscle Shoals is located, I know of nothing that would give me more pleasure than to be able to rise on this floor and advocate the passage of the pending bill as it is. The people of Alabama, after 10 years of delay, after 10 years of heartbreaking disappointment, most earnestly desire action and disposition of Muscle Shoals. They are entitled to action, but they are also entitled to the right and proper kind of action. Had the members of the Committee on Military Affairs who reported the pending bill and those leaders of this

House who seem to have such a magic influence with those members of the committee desired action on Muscle Shoals at this session, they would have sent to the floor of this House not the pending bill but the bill as passed by the Senate with perhaps certain amendments to it. The bill that passed the Senate passed that body by a vote of 45 to 23. Two years ago that same bill passed the Senate by an overwhelming vote. The Senate as a body is committed to that bill, but instead of taking that bill and amending it as we might see fit, the majority members of the Committee on Military Affairs, under the influence of the leaders of this House, have thrown everything in the Senate bill out of the window and brought in here an entirely different bill. The Committee on Military Affairs could have taken the Senate bill and amended it to provide for a leasing of the nitrate plants, but kept the operation of the hydroelectric facilities at Muscle Shoals in the hands of the Government of the United States. If such a bill had been brought to this floor, no new precedent would have been set, no new policy would have been established, because such a bill would have followed the precedent and the policy established by this House just two years ago in the passage of the Boulder Dam bill. It would seem, in view of the shocking revelations before the Federal Trade Commission and the Senate lobby committee that patriotic, right-thinking Americans would support the idea of having the Government of the United States keep its strong hands upon the power switch at Muscle Shoals. Had such a bill as that been brought to this House we could have looked with confidence to the disposition of Muscle Shoals at this session of Congress, and then we would also have been assured that the Power Trust, exposed before the country in all its greed and cupidity, would never have gotten its hands on Muscle Shoals, built by money from the pockets of the people of this country.

The question has been asked as to which bill we prefer, the Norris Senate bill or the House committee bill? I wish to say that the fertilizer provisions of the Norris bill are not what I would have them. They are not as strong as they should be, but between the two bills there is absolutely no choice for me. The Norris bill keeps the hands of the Government of the United States on the power at Muscle Shoals, preserves that great project for the benefit of the people of the country whose money built it; whereas the committee bill gives every indication, practically gives every assurance, that the people's property at Muscle Shoals will be turned into the hands of the selfish Power Trust, resulting in no benefits whatever to the people.

Mr. REECE. Mr. Chairman, will the gentleman yield?

Mr. HILL of Alabama. For a short question.

Mr. REECE. I would like the gentleman to explain in what way that could happen.

Mr. HILL of Alabama. I am coming to it as fast as I can, and will reach it in a minute. We recall, gentlemen, that the national defense act of 1916, under which the Muscle Shoals project was constructed, specifically dedicated that project to the manufacture of nitrates for fertilizers for the farmer in time of peace. In 1927 the late lamented Martin B. Madden said "the farmers of this country are asking for fertilizer relief at Muscle Shoals; they have a right to ask it, because we have promised it to them." For 10 years the farmers of this country and their representatives in Congress have waged a tremendous battle in the hope that Muscle Shoals might be disposed of for the benefit of the farmer in accordance with the intent of the national defense act of 1916, rather than that there should be a disposition for the benefit of the Power Trust and the Fertilizer Trust. What does this pending bill do? It does violence to and runs contrary to practically every principle laid down for the disposition of Muscle Shoals for the benefit of the farmer, and I would that I had the time to tell you how this bill came to the floor from a subcommittee of five members of the full committee. Three of these five members were new men on that committee. While men who had sat on that committee for years, through long weeks and months of hearings and labor in an effort to dispose of Muscle Shoals for the benefit of the farmer were passed over, three new men were put on the subcommittee. What had been the predominant thought on that committee for 10 years was cast aside, and men who advocated that thought were given but one voice and one vote on that subcommittee of five.

The gentleman from South Carolina [Mr. McSWAIN] and the gentleman from Texas [Mr. GARRETT] have told you of the principles which the Military Affairs Committee laid down to be adhered to in any lease of the property at Muscle Shoals. The House ratified those principles in 1924 when it passed the Ford offer. The House again ratified those principles in 1925 when it set up the Muscle Shoals inquiry, and the House again in 1926 ratified those principles when it set up the joint committee. These principles are not so important because they were laid down by the Military Affairs Committee or because they were ratified by this House, but they are most important in the fact that only by an adherence to them can the farmers of the country expect or hope for any fertilizer relief from Muscle Shoals.

Whenever you throw aside those principles, as they have been cast aside in the pending bill, then you strike down, you shatter, all hope of fertilizer relief for the farmers at Muscle Shoals.

Mr. SLOAN. Mr. Chairman, will the gentleman yield right there?

Mr. HILL of Alabama. I will yield for a question.

Mr. SLOAN. Has there been any minority report by any member of the Committee on Military Affairs of opposing views, except that of the gentleman from South Carolina [Mr. McSWAIN]? I ask for information alone.

Mr. HILL of Alabama. Only the report of the gentleman from South Carolina.

Mr. OLIVER of Alabama. Mr. Chairman, will my colleague yield?

Mr. HILL of Alabama. Yes.

Mr. OLIVER of Alabama. The committee, however, is not united on this bill.

Mr. HILL of Alabama. Certainly not. I think the debate to-day has proven that very conclusively.

Now, gentlemen, with further reference to these principles, we have heard much talk about cutting in half the price of fertilizer to the farmers of this country by the operation of the plants at Muscle Shoals. Expert after expert, from Mr. Mayo, the engineer for Henry Ford, all down along the line, have said to the Committee on Military Affairs that by an adherence to these principles the cost could be cut in half. The Muscle Shoals inquiry report, based upon a thorough study and investigation in 23 States, stated in 1925 that there could be a reduction of 43 per cent in the cost of fertilizer to the farmers by an adherence to these principles.

What is the first of these principles? Obligation of the lessee to manufacture fertilizer in the strictest terms. What do we mean by these terms? First and foremost, we mean that any lessee who is to go there and get that cheap power must be required to manufacture fertilizers at Muscle Shoals. If you do not require the lessee to manufacture fertilizers at Muscle Shoals, any limitations that you might attempt to put upon him would be abortive if he manufactures it anywhere other than at Muscle Shoals, be it at Birmingham, or elsewhere.

Next, there is the limitation of 8 per cent on the profits. Then the requirement of a minimum annual production of 40,000 tons of fixed nitrogen in such fertilizer form that the farmer can buy it and spread it on his crops himself. And next, an auditing system, so as to make sure that the lessee is carrying out the obligations of the contract.

In the bill that we have under consideration there is absolutely nothing to insure any requirement or any guaranty that a minimum amount of fertilizer will be made at Muscle Shoals under the limitations.

Another provision laid down by the committee is——

Mr. BYRNS. Mr. Chairman, will the gentleman yield there?

Mr. HILL of Alabama. Yes.

Mr. BYRNS. It has been stated here that we will get no fertilizer under the Norris bill except for experimental purposes. Other gentlemen say we will get nothing under this bill.

Mr. HILL of Alabama. The gentleman evidently was not here when I began my remarks. I said that I did not believe that the fertilizer provisions in the Norris bill were as they should be, but that the difference between the two bills was simply this: Everything evidences and indicates that under this pending bill Muscle Shoals will go into the hands of the Power and Fertilizer Trusts, and go there forever, never to be reclaimed, whereas under the Norris bill the Government of the United States still keeps its hand on every kilowatt of power and every hydroelectric facility at Muscle Shoals. Under the Norris bill it is for you and me and other Members of Congress to operate the Muscle Shoals plants as we see fit, and they are held and preserved for the farmers and the people of the United States. The committee laid down the principle that there should be but one lease for all the properties at Muscle Shoals, and that in the event the lessee failed in any of his obligations under the lease he should forfeit all those properties. Under the pending bill the property at Muscle Shoals may be turned over to many lessees. It may be divided into many parts, and if you should get some one to go there and contract to make fertilizer and he did not carry out the provisions of the contract, all you could get back would be simply that power which he happened to be using for manufacturing fertilizer. All the rest of the power under this bill would have gone into the hands of the

other lessees. Whenever you separate this project, whenever you break it up and divide it into pieces, you encompass the defeat of the very end for which the project was constructed.

We are told that there is some doubt about the feasibility of the operation of the Muscle Shoals plants and that perhaps they are obsolete. Well, that is the same cry that we have heard for 10 years from the Power Trust and the Fertilizer Trust. It is heard to-day, as it has been heard every day during this long period of 10 years.

The big plant at Muscle Shoals, nitrate plant No. 2, with its annual capacity of 40,000 tons of fixed nitrogen, uses what is known as the cyanamide process. Is that process obsolete? At Niagara Falls the American Cyanamid Co., using exactly the same process, has doubled its plant six times during the last 18 years, and is to-day turning out annually by that process an amount of nitrogen that is nearly 50 per cent more than the full capacity of nitrate plant No. 2 at Muscle Shoals. In the world to-day there are some 42 cyanamide plants in successful operation and the only cyanamide plant in the world to-day that is standing idle is our plant at Muscle Shoals. The Chemical and Metallurgical Journal of June, 1928, states:

> The fixation of nitrogen by the cyanamide process has steadily increased; in fact, by a larger percentage during the last two years than by any other process, and this is true despite the claims made by some that the cyanamide process is obsolete and no longer a factor in nitrogen production. * * * Some have inferred that the direct synthetic process is replacing all other processes, a conclusion which is wholly unwarranted. * * * To assume that any one system is doing away with development by all other processes is a fallacious conclusion.

Reports from the Department of Commerce under date of January 23, 1928, show that in Germany, which is manufacturing more nitrogen than all the rest of the world is producing, including Chile, they are manufacturing nitrogen more cheaply by the cyanamide process than by any other process.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. QUIN. I yield the gentleman five additional minutes.

Mr. HILL of Alabama. If you leave this bill as it is you get no fertilizer production at Muscle Shoals. What lessee will go to Muscle Shoals to make fertilizer and subject himself to the limitations required of him, when he can get that power simply by setting up some kind of a 2 by 4 fertilizer plant off of the Muscle Shoals reservation, with no limitations whatsoever imposed upon him? It is suggested in the report of the majority and it is suggested on this floor to-day by the spokesman for the majority that under this bill we may get fertilizers manufactured at Birmingham. The press reports tell us that while this bill was in the process of being drafted a representative of the Southeastern Light & Power Co. visited one member of the subcommittee and said to him, "If you pass the bill as is we will make fertilizers in Birmingham."

Why is the Southeastern Light & Power Co. saying, "We will make fertilizers in Birmingham"? Nearer to Birmingham than Muscle Shoals, is the vast power of Mitchell Dam, of Martin Dam, of Jordan Dam, and other dams owned by them in Alabama. Why do they not use at least some of that power for the manufacture of fertilizers? If this bill passes they will set up a little fertilizer plant away from Muscle Shoals, subject to none of the limitations as to the manufacture of fertilizer, and through that procedure, get their hands on the vast power at Muscle Shoals, and deny all benefit from it to the farmers of this country.

What is the American farmer facing to-day in the purchase of the nitrogen which he absolutely must have to make his crops? There is a very interesting article from the New York Times, under date of December 17, 1927. The headlines are:

> NITRATES PARLEY TO BE HELD AT SEA—GERMANS INVITE NITROGEN INDUSTRY LEADERS FROM FIVE COUNTRIES ON A MEDITERRANEAN CRUISE—HOPE TO PERFECT ENTENTE—AMERICANS, FRENCH, ENGLISH, NORWEGIANS, AND PROBABLY ITALIANS WILL DISCUSS COOPERATION

The story follows:

> PARIS, December 16.—The first International Trade Conference ever held upon the high seas will get under way within the next 10 days when the leaders of the nitrogen industries of the United States, Great Britain, France, Germany, Norway, and Italy leave Marseilles aboard a luxurious private yacht for a three weeks' cruise on the Mediterranean. Heads of the German nitrogen trust, who are promoting the unique meeting, hope that an international nitrogen entente will have taken definite form by the time the ship returns to the French port.
>
> The yacht has just been chartered by Herr Bueb. Orders have been given to stock it with the finest wines, champagnes, and all the delicacies of the season. Nothing will be left undone to make the voyage a happy one. Although a considerable portion of each day will be spent in going over the outstanding issues between the various national groups, frequent stops will be made at attractive Mediterranean places to relieve the strain of the daily sessions.
>
> It is understood that representatives from all nations mentioned above have accepted with the exception of Italy, which is expected to join the others in a few days. According to very reliable information, the American synthetic nitrogen industry will join the cruise, although efforts are being made to give the impression that Americans are not participating, since American laws prohibit industries from becoming parties to international trade agreements.
>
> If any additional evidence of Germany's eagerness to create a nitrogen trust were lacking, the international ocean meeting supplies that lack. The originality of the invitation so intrigued the national groups, it is said, that acceptance was almost immediately assured.
>
> All but half a dozen points have been agreed upon between the respective members, but several of these are causing a delay which is irritating the Germans. Hence, the idea of transporting all concerned to the salubrious atmosphere of the Mediterranean, away from interruptions and routine life.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. QUIN. I yield the gentleman three additional minutes.

Mr. HILL of Alabama. Now, gentlemen, the article I read you was under date of December 17, 1927.

The Wall Street Journal, under date of June 29, 1929, tells of the success of the efforts to form the combine, and says "World's nitrate combine formed." The farmer, facing a world combine of the nitrogen producers, is here to-day asking that Congress make good, as Martin Madden said, the promise that the Congress made to him, to give him cheap fertilizers at Muscle Shoals. And instead of the committee and the leaders of this House bringing in a bill that would do this, we find a bill here that will inevitably turn the properties over to the Power Trust and the Fertilizer Trust.

If you need any better evidence of what I have said to you, I ask you this question: Where to-day are the highly paid lobbyists of the Power Trust and the Fertilizer Trust?

Two years ago, when we brought on the floor of this House a bill that required real manufacture of fertilizers at Muscle Shoals, those lobbyists filled the galleries. They swarmed the lobbies of this Capitol. They literally burned up the telegraph and telephone lines and the air mail lines sending protests to us against the bill. To-day we hear nothing from them, and the only thing we see is an advertisement in this morning's Post protesting against the bill; not a letter, not a telegram, not a telephone message, not a lobbyist; just an advertisement in the morning paper. That advertisement was not meant for intelligent Members of Congress. It was meant for the sucker. It is a decoy. Had they been in earnest in their opposition to the bill, they would have done what they did two years ago. They would have swarmed these lobbies and filled these galleries and their seats with their paid agents and their lobbyists.

What the pending bill does is to find the promised land of fertilizer, carry the farmer up on the heights, let him look down on this land, but turn the Fertilizer Trust and the Power Trust into the promised land rather than the farmer. [Applause.]

Mr. STAFFORD. Mr. Chairman, with the consent of the gentleman from Pennsylvania [Mr. RANSLEY], I yield myself 15 minutes.

Mr. Chairman, the subcommittee of the Military Affairs Committee, charged with the responsibility of framing a bill for the practical disposition of Muscle Shoals, labored long and faithfully for three weeks, morning and afternoon, and even on one occasion on Sunday.

The subcommittee was in session trying to draft a practical bill. After weeks of consideration, a bill was submitted to the full committee, and by that committee virtually approved as recommended by the subcommittee.

The full committee of the Committee on Military Affairs, from its organization in January, has been giving hearings to the Muscle Shoals proposition, first, at the direction of the chairman [Mr. JAMES], who, unfortunately, in the middle of January, became invalided, to consider the bill proposed by the American Cyanamid Co. Hearings continued three and four times each week for several weeks in explanation of that legislative leasing bill. To you gentlemen I wish to say I could not subscribe to that bill, which has been advocated, in a way, if not in toto, by the previous speaker [Mr. HILL], because it would have surrendered absolutely the rights of the Government to one concern, with only a return of 2 per cent on the Government's investment and with no assurance whatsoever that fertilizer would be manufactured after a certain minimum quantity had been produced.

There are two divergent views as to the operation of Muscle Shoals, one presented by the Senate resolution, sponsored by Senator NORRIS, for Government operation. The major premise of that proposal is leasing the water power. Fertilizer is a minor incident.

I regard the gentleman from South Carolina [Mr. MCSWAIN] an expert on this proposition, because he has been studying it for years and years. He stated directly on the floor of this House that under the Senate resolution not one ounce of fertilizer would be required to be produced for sale. There are provisions providing for experimentation, but the experts of the Department of Agriculture say that those experimentations could just as well be carried on in Washington as at Muscle Shoals.

I have been in business. During the six years I was last out of Congress and during the entire 25 years I have been practicing law, I have been giving attention to business affairs. I came to the consideration of this project with an open mind, unprejudiced whatsoever against the Southland. I have brought myself around to a proposition which I believe is in the interest of the Southland. If this great water power was in the State of Wisconsin I would advocate one proposition, but as this great water power is in the midst of the greatest mineral deposits of the country, capable of untold development, I am advocating what I sincerely believe is for the best interests of the development of the Tennessee Valley.

I yielded in my opinion as to whether we should require in that connection the construction of Cove Creek Dam, a $38,000,000 storage proposition. At the beginning I thought we should only utilize the existing plant at Muscle Shoals Dam No. 2 and nitrate plants No. 1 and No. 2.

In my study of the question I found that, if we really wanted to make Dam No. 2 a practical business proposition, we should increase its power twofold by building the Cove Creek Dam 300 miles up the river, not only increasing the available power at Dam No. 2 twofold, but also that at the 11 dams that can be constructed between Cove Creek and Dam No. 2 and the two dams below Dam No. 2. A letter from Captain Riley, the assistant engineer at Florence, in charge of the water-power end of this proposition, shows that, with the addition of Cove Creek Dam, the present power at all these various dams would be increased from 378,000 horsepower to 712,000 horsepower, or an increase of 334,000 horsepower; that at Muscle Shoals alone with the existing units—because there are only 8 turbines at present installed, but there is provision for the installation of 10 additional turbines—there will be an increase from 88,500 horsepower to 150,000 horsepower by the building of the Cove Creek Dam. The Federal Power Commission has withheld authorization for the granting of licenses for construction of dams between Cove Creek and Dam No. 2 because they wished to know what disposition Congress was going to make for Cove Creek Dam. Under this bill we make it mandatory on the lessee or lessees, through a holding corporation, to build Cove Creek Dam.

It was my thought that instead of leasing this Muscle Shoals project to one lessee—as was contemplated in the American Cyanamid bid—it should be leased to several lessees, and the representative of the War Department, who has given more consideration to this subject than any other man at the War Department, Colonel McMullen, came before the subcommittee and justified the proposition I had submitted. I did not wish this great power to fall necessarily into the hands of one great chemical combination in this country. So we provide for a contract or contracts of letting. Originally it was limited to contracts to let and demise, but upon the suggestion of the gentlemen from Pennsylvania [Mr. COCHRAN], that Henry Ford might under the provisions of this leasing proposition come in and avail himself of them, and because Henry Ford was driven out of competition for this great property, on account of certain conditions that were placed upon his leasing proposition by the Senate of the United States, I receded and agreed to authorize, also, a single contract of letting of all the properties.

We are now submitting a practical business proposition to the Congress and to the country. If I were playing politics, my fellow Members, I would vote for the Norris resolution. It goes without saying that in my State, government operation is popular; but I would be stultifying myself as a Member of this House if I voted for something that would advance me politically, when I know it would not be workable and would not be of benefit to the southern country. [Applause].

When these big propositions have come before the Congress in my service here I have always tried to place myself in the position of the people where the project is located. This was the position I took in the case of Hetch Hetchy, Calif. I tried to view the situation from their standpoint, and I can say sincerely to you southern gentlemen that in this proposal I have joined in submitting what I regard, as a Representative of this House with some business experience, will do most for the development of that great valley, the Tennessee River Valley.

It is possible to let these properties in individual units, but the first thing we lay down as a fundamental, as a postulate in the leasing of these properties, is that those properties that are adaptable to the manufacture of fertilizer shall be used in the production of fertilizer and fertilizer bases.

What properties does this refer to? Nitrate plant No. 1 was constructed during the war and never operated. This plant was constructed at an expense of something like $12,000,000 for the manufacture of nitrogen under what is known as the Haber-Bosch process. This is the process that to-day is being more universally used in the manufacture of fixed nitrogen than any other process.

It is the process used by the American Dye & Chemical Co. at Hopewell. It is the process that Germany is using in the production of fixed nitrogen. This plant is the minor plant of the two that may be used for the manufacture of nitrates.

The other plant adaptable to the manufacture of nitrogen is nitrate plant No. 2, and on that plant the Government has spent, including the auxiliary steam power plant, $70,000,000. This can only be used for the manufacture of nitrogen by what is known as the cyanamide process, and that process, to my way of thinking, from the testimony of the experts, including the experts of the Department of Agriculture, is an obsolete process.

Now, what do we do? What do we say to this board that is composed of three members, one of whom, bear in mind, shall be identified with agriculture? We place one of these eminent citizens on this board specifically to look after the interests of agriculture and we do not allow any contract of letting to be entered into unless two approve of it and on certain conditions unless all three agree. We want this man, as far as we can go as a practical proposition, to see that the interests of the farmers and of the farming class are safeguarded in any lease that is to be negotiated.

In laying down the norm of conditions under which this board shall operate, we have not laid down conditions that we believe will make impossible a lease or leases being entered into. How ridiculous it would be for us, as practical legislators, to come into this House and offer a proposition with all kinds of fanciful provisions in it which secretly we know would not result in a lease. But we do provide, as the gentleman from Arizona and the gentleman from South Carolina pointed out, certain preferential benefits to the lessee of nitrate plant No. 1 or to the lessee of nitrate plant No. 2. We give them certain preferential advantages and safeguard their interests in the manufacture of fertilizer, by providing that those plants that the leasing board may find to be economically adapted to or susceptible of being made economically adapted to the fixation of nitrogen shall not be charged with any amortization allowances in wiping off the valuation of either of those plants.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. RANSLEY. Mr. Chairman, I yield the gentleman five minutes additional.

Mr. OLIVER of Alabama. Will the gentleman yield for a question?

Mr. STAFFORD. I hope the gentleman will pardon me.

Mr. OLIVER of Alabama. For a question on something the gentleman has emphasized.

Mr. STAFFORD. For a brief question, please.

Mr. OLIVER of Alabama. The gentleman called the attention of the House to the fact that the board was required in making a lease to have all agree and approve it, but the gentleman failed to call attention to the fact that this one member representing agriculture is not to be consulted in that way when it comes to determining whether or not the plants are economically adapted to the manufacture of fertilizer.

Mr. STAFFORD. He has the same voice as the other two members and he is placed there for the purpose of looking after the interests of agriculture. As to the board of three provided under the Norris bill, it is not required that any of the three shall be men identified with agriculture. Why, that bill even hamstrings the board that it creates so that they will not be allowed to work more than 150 days in any one year. The House does not make any limitation as to the number of days this board should exercise its function.

The board as an initial step is required to appraise the properties, individually and in parcels, so as to see, from a business standpoint, whether nitrate plant No. 1 is utilizable as a separate entity and whether nitrate plant No. 2 is also utilizable separately.

One great objection to the Norris proposition is this: It will hold in reserve that great water-power development without any

bidders. The testimony of Captain Daley before our committee was that there has been no demand from any municipality or anybody else except for one small unit of power, too small to consider practicable to let. I have a letter from the mayor of Nashville in my office, which states that they produce their own power. The municipalities in an economic distance, and also most industries, are tied up with long-term contracts for the power they need.

The Norris bill would naturally hold the water power in abeyance without any substantial bidder. We provide a practical business arrangement for the lease of power, and we also provide that the leases for the surplus power to any power-utility company for subleting shall not be for a greater term than 10 years, and that at any two years prior to the expiration of the term the contract shall cease if there is demand for such power from any State or municipality or any governmental division.

We have gone the limit to make provision for municipal use of this power whenever they apply for its use. We prescribe the scale of charges that may be levied to such municipalities and governmental bodies, and leave it to the Federal Water Power Commission to determine the scale of rates.

Now, as my time is about coming to a close, I think the explanation given by the gentleman from Arizona [Mr. DOUGLAS] of this bill, and other members of the subcommittee, leaving out the explanation that I have made for our consideration, justifies the action of the acting chairman of the committee in appointing the five members to submit a practicable leasing proposition which the full committee almost adopted in toto. As the bill is taken up under the 5-minute rule, I think Members of the House will be convinced as we go along step by step that we have presented a most reasonable, practicable proposition from a business standpoint for the disposal of this great project that was erected as a war project, to be utilized in times of peace for fertilizer production and in times of war for manufacturing explosives, that has ever been presented on the floor of the House or considered by any Congress.

I say in closing that this proposition should merit the approval of every person who has the welfare of the farmer at heart. This bill, or some like it, I hope, will be passed at this session of Congress; if it is not, it will not be the fault of the sincere Members of the House who want something practical done with this great project. [Applause.]

Mr. QUIN. Mr. Chairman, I yield 30 minutes to myself.

Gentlemen of the committee, this is a sad hour to me—as long as we have had this great project under consideration to finally come to the point where the United States Congress seems ready to surrender this great governmental activity—turn it over to the aggregation of combined wealth.

Every bill that we have had before has endeavored to sustain the original intent of the national defense act, but this, my friends, could not receive my vote on the committee nor can I support it here.

It is not because my heart is not in the project of Muscle Shoals, it is not because I believe that the people of the United States are going to be benefited by this bill, but because, in my judgment, the United States is going to surrender its most valuable asset in the South and allow the plunderers and exploiters to take charge of it for the next 50 years.

We had a measure placed before our committee that came from the Senate—the Norris resolution—that provided that the Government of the United States should keep its hands on this $167,000,000 project and manufacture fertilizer in time of peace to be sent out to the farmers throughout the United States and agricultural colleges, and to manufacture nitrates to go into the soil to produce crops; and the excess surplus power to be distributed to farms and municipalities and industry in that section under the control of the Federal Government.

The Committee on Military Affairs, of which I have had the honor to be a member for the last 17 years, had its subcommittee ready to report with an alternative proposition the Norris resolution with the lease proposition, and the Republican leaders in control of this House said, "No; you can not bring that out."

And you have that makeshift bill here to-day under this rule, where you are not permitted to vote for the Norris resolution, but you first must vote down this bill reported under the name of NORRIS for this House to consider. After it is voted down, then the House can vote up or down the Norris resolution, the only phase of the matter that can possibly pass the Senate of the United States. It passed the Senate by a majority of over 2 to 1 and yet it is ignored by this House. Let us see what we are doing. The United States gave away millions on top of millions of dollars in grants of land to the railroad corporations. The United States has parted from all its ownership in oil, coal, gold, silver, lead, copper, minerals. All of its timber is gone, and the last thing that we have left in all the Southland is the water power of the Tennessee Valley, 1,300,000 kilowatt-hours, lying dormant in that great southern valley, that ought to be kept and preserved for the people of that section of the country. And by this bill it is proposed to be turned over to whom? Do you know that the electric-energy corporations are controlled by a shareholding corporation? The Electric Bond & Share Co. of New York controls practically every one of the power companies of the South. It controls some throughout the Middle West. It controls some in the East. All of that section of the country down there is dominated by the Electric Bond & Share Co., and I am informed that its shareholders are practically over across the Atlantic Ocean in Europe. Yet this Congress proposes to surrender this great right that now belongs to the Government for private interests to exploit and hold our people down for years to come.

My friends, this is not idle talk. I put before you these figures that you see on this chart. There you can see the difference between a municipally owned plant and a privately owned plant. We have all kinds of plants in the United States, and this shows a comparison with that in Ontario, Canada. During the year 1925 in the United States it cost 11.5 mills per kilowatt-hour as against 6.1 mills in Ontario, and, in 1928, you have the figures, 13.4 mills in the United States and 6 mills in Ontario. Do you people all believe that the people are getting a square deal? Some say that taxation is the cause. Do you know that right down here in this territory where Muscle Shoals is located we have power companies operating? In the State of Mississippi, from which I have the honor to come, we have the Mississippi Power Co., an ally of the Alabama Power Co., and we have the Mississippi Power & Light Co. from Arkansas and Louisiana. All of them, the Tennessee companies, the Georgia companies, and those that I have named and the Florida companies, are owned and controlled by the Electric Bond & Share Co., of New York; and when you gentlemen vote to turn this power over to this sort of a commission you are turning it over to the Electric Bond & Share Co., to be handled by its agents and subsidiaries in that section of the country. Our power companies down there are about as honorable as any in the United States. In Mississippi and Alabama they have good men at the head of them, but they are in the exploiting game. They are not there for their health. Some people say, and these power companies have said, that municipalities can not run their own light plant and furnish current as cheaply as the exploiting power company can.

Mr. ARENTZ. What do the figures mean on the chart?

Mr. QUIN. They mean the cost of electricity per kilowatt-hour.

Mr. ARENTZ. To whom? To the buyer of electricity for lighting a home or for a factory with tremendous power?

Mr. QUIN. It is the general average for all.

Mr. ARENTZ. Wholesale or retail?

Mr. QUIN. Every kind of connection.

Mr. ARENTZ. I know; but in Washington we pay 11 or 12 cents, and this is mills that the gentleman is speaking of here.

Mr. QUIN. Yes; I know that. I am giving you the average cost, and you see the profit from the charge made in bills to customers. Huntsville, Ala., is within about 20 miles of Muscle Shoals. Here is a bill from a wagon company down there for power furnished it—12,700 kilowatt-hours—and the cost was $322 for one month. That bill was sent to different cities where the plants are municipally owned, and they said that they would furnish the exact amount of kilowatt-hours for the following figures: Jacksonville, Fla., there would be a saving on that bill of $74.75. In Seattle, Wash., with water and coal, $140 difference. In Springfield, Ill., there is a difference of $118.45, and that is by coal. Jamestown, N. Y., coal, there is a difference of $31. At Los Angeles, Calif., water, there is a difference of $142.50. At Cleveland, Ohio, coal, there is a difference of $7.50, that much cheaper. At Tacoma, Wash., it is $179 cheaper. This is per month.

These are figures on the same scale submitted as to what the rate would be. And yet people will argue on this floor here now that the water power in this country can not reduce rates. They claim here, from the arguments submitted, that this project in Alabama can not successfully be operated except by some private party concerned.

This great Government in its distress originated the dams. It paid $167,000,000 of the people's money. We have two great plants there now, with a great dam, and water going to waste; and under the Norris bill this water is to be turned into power by the Government.

Under the project that is put out in the bill by the Committee on Military Affairs what is proposed? It is proposed that Mr. Hoover, President of the United States, is to appoint a commission, not to be confirmed by and with the advice and consent of the Senate, but a commission to do what? To go down

there and see whether the plant is feasible or adaptable to make fertilizer. If it is not, they are the men to determine that. If they decide that they can not make fertilizer, this power is turned loose. To whom? It will be turned over to the Alabama Power Co. If the maximum amount of fertilizer specified in the bill were manufactured, it would not be a drop in the bucket.

Now, I have nothing against any power company; but there is every reason on earth why we, as Representatives of the American people, should see to it that the Government of the United States is protected and that the people who own this property, the taxpayers of the country, shall be protected by this Congress. It was enacted in the national defense act that this power is to be used in time of peace to make fertilizer and in time of war to make explosives, gunpowder, and so forth, to carry on war. Yet this bill, which the committee has brought out, wholly rejects the needs of the Government.

Is there necessity for this plant to be operated? We have tried to get bidders all over the country. Here is one chance to make nitrates, ready to go on the soil to produce crops. Here is one chance to be a lasting competitor against the Chilean Nitrate Trust to make nitrates. Are you going to turn this great project over to private interests, or are you going to stand by the Government of the United States and the farmers of this country and the taxpayers? Your vote on this measure will pass judgment on us as to whether or not we propose to allow the people to be exploited by a few; whether or not this great Government will surrender and supinely say, "We are helpless."

All these years Muscle Shoals has been going to waste, yet private industry everywhere is prospering. Muscle Shoals, controlling the key to the valley of the Tennessee River, and that place yonder, Cove Creek, are in your custody to take charge of. That is in the Tennessee Valley. All the power will be subject to the private lessee after you turn it over to him. In addition to that, the State of Tennessee will get that dam back at the end of 50 years if it wants to. The Government is surrendering up its rights to the State of Tennessee to possess all power that is in that valley. The worst that the Norris bill does is to turn over in compensation and damages to the States of Alabama and Tennessee 5 per cent of the money for their water-power rights.

You propose, under this miserable bill that you have brought out here, to slap the Government in the face and say that after one or two or three or several lessees have used this plant for a number of years the State of Tennessee can take charge of the Cove Creek Dam.

What do you think of the scheme under this bill whereby Muscle Shoals can have one lessor to manufacture one thing and another to manufacture something else, and some fellow over there pretending to make a little fertilizer? That is what you are going to have, and with that the power that is sent all over throughout this country to consumers at a high price.

You need not fool yourselves as to what is in this bill. I want to say that the gentleman from Arizona [Mr. DOUGLAS] did not try to fool you. He told you that the commissioners under this bill had the right to say whether it is feasible or adaptable to the manufacture of fertilizer. You know what will happen. The President of the United States was vested with power to build these dams to manufacture fertilizer.

When we had the bill before the special committees of the House and Senate the Secretary of Commerce and his staff told us that we could not make fertilizer down there. So now we have come to the point where the original scheme to make nitrogen ready to go on the soil is about all we can expect from that plant. Every kilowatt of power there should be used in the manufacture of nitrogen ready to go on the soil to make crops, and in that I believe the President of the United States agrees.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield there?

Mr. QUIN. Yes.

Mr. ALLGOOD. Is it possible to amend this bill now so as to use this power for the manufacture of fertilizer?

Mr. QUIN. All I know is that the leaders of this House said to us to-day that you could not make a motion to amend this bill and offer a substitute.

We can not tell under this rule what can be done, and if the committee would bring out a bill, and this kind of a rule came in, how do you expect to get justice at this late hour, except to kill this bill outright and then bring the Norris resolution before the House, amend it, and send it to the Senate so that we can get legislation agreed to and send it to the President. The President of this Republic must realize the necessity of something being done in a proper manner with that great project.

Mr. PATTERSON. Will the gentleman yield?

Mr. QUIN. I yield.

Mr. PATTERSON. If this bill is voted down, then the Norris resolution is before the House. Can we amend the Norris bill under the parliamentary situation?

Mr. QUIN. I think we can. In my judgment, the people of the United States have had enough of the influence of great wealth playing its part in this legislation.

Is there a man before me who doubts the powers of aggregations and combinations of capital? Is there a man before me who doubts that great campaign funds are contributed by the special privilege group of public service corporations? For instance, take the contributions of the great captains of industry, the industrial power companies of this country in the last presidential election. They extended all the way from the Atlantic to the Pacific Ocean. Go to the records and see what those men have done, and whether or not they are using any influence in this Congress. Our people must sit supinely down and be run over. The poor helpless men who really make this country of ours, are bound and helpless. The combinations of wealth stand up and kick them down. Now, we come at this critical time and ask the Members of this House, with their eyes wide open, to say whether or not the Government, the taxpayers, the men and women who operate the Government by paying its taxes, are to be further exploited by turning over this great Government activity to exploiters and plunderers.

Mr. YON. Will the gentleman yield?

Mr. QUIN. I yield.

Mr. YON. What is the situation in the present operation of Muscle Shoals? Is it not a lease proposition already?

Mr. QUIN. We have nothing down there except the right to sell power to the Alabama Power Co. It has been that way ever since we finished that dam, and it is going to continue to be that way unless the Congress of the United States recognizes its duty to the people. You understand that in that particular section there should be some development. With all of the latent power in the Tennessee Valley, Cove Creek, and the Clinch River, 11 or 12 dams should be constructed and that power put into industry throughout that section, but it is bound up, helpless right now, because of the selfish greed of the power interests and those allied with them.

Mr. YON. Will the gentleman yield?

Mr. QUIN. I can not yield further.

We can not hope to have anything done except by the votes of the Representatives of the people in this House. Are we going to get them? Are we going to continue to grope around and say, "No, we can not do it because I am against Government operation"? Do you not know the Government already owns that land? The Government already owns that big dam? The Government already owns great nitrate factories down there, which we call No. 2 and No. 1, that were built under the stress of war? It is already a Government activity. Now, what is the Government to do? The Government has the money and it has the machinery. It can employ talent and men to start operating that plant to make nitrogen for the soil, to make nitrogen for the farmer so as to cut down the price which we have to pay in that section of the country.

The fertilizer factories say "We can get nitrogen." This is not in conflict with the interests of any factory. This output down there would be to make nitrogen that is necessary to make fertilizer. We propose to have nitrogen in form and shape, ready to put on the soil to grow cotton and corn and wheat and vegetables and all kinds of crops. All that the fertilizer factories need, if they do not get their nitrogen from Chile, is to get it from the Government at Muscle Shoals. I ask those men in common honesty, "How does that interfere with any fertilizer factory?" According to what I saw happen on this floor once before, we can not make all of the finished fertilizer down there, but you can make nitrogen, and you can make phosphoric acid. You can make the stuff that makes plant food and let the farmers have it and let the fertilizer factories have it, and yet men will sit down and cry all day about the Government going into business.

The Government is already in some kinds of business. Ever since I was born we have been attending to the post-office business. The Government of the United States sends a letter clear down to Beartown, clear over to Sunny Hill. It carries parcel post. It will carry a package of 100 pounds in weight all the way from Washington to Mississippi or Alabama or Florida, and yet some Member will get up and complain about the Government being in business, when we simply ask that this $167,000,000 which we have standing idle down there shall be put into operation for the benefit of the farmers of this country.

Mr. BYRNS. Will the gentleman yield?

Mr. QUIN. I yield.

Mr. BYRNS. The gentleman is an important Member of the Committee on Military Affairs. I have heard it said with what

appeared to be some degree of assurance, that the President would not sign the Norris bill if it were passed. Has the gentleman any information about that?

Mr. QUIN. If the gentleman does not know the President any better than I do, you can go and see your man Huston from Tennessee. [Applause and laughter.] Mr. Huston has done everything he could to keep Muscle Shoals from being operated by the Government.

Mr. BYRNS. I want to disclaim that he is my man.

Mr. QUIN. I want you to understand that the records over there in the Senate show that that gentleman and some corporations up here in New York, which have been trying to get Muscle Shoals for the last five years, have, in my judgment, acted in a strangely undercover manner.

For all these years they have been collecting all that money and trying to ram through this Congress a scheme to rob the American people. I just ask you men, is that the way we propose to vote in this Congress? These lobbyists have hounded the gentleman from South Carolina and gentlemen in other sections of the South in an endeavor to get them to vote for their bill, so that they might continue to plunder and rob the people of this country.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. QUIN. Mr. Chairman, I yield myself two additional minutes. Is it possible that the honest men and women of this country are still going to be exploited? Is it possible that brave men who stand ready to do their duty day and night for the people of this Republic will now surrender and say we are going to turn all of the Muscle Shoals activities over to private interests so that they may plunder and exploit the men and women of this country? Is it possible we are going to allow them to continue to rob and plunder the man behind the plow or the poor woman with a sunbonnet out in the field sowing seed in the morning, and with a hoe cultivating cotton or a vegetable garden, then going home and cooking the meal at 12 o'clock, then working until dark, then getting supper, going to bed, getting up the next morning and going to work? It is that class of people who will be robbed if this bill is enacted. Are you going to continue that? Are you going to let these exploiters keep on robbing and plundering the poor people of this country? These exploiters who make 30 and 50 per cent through the Electric Bond & Share Co. of New York. They are robbing the man behind the plow, and are you going to vote that way? You men are going on record as to whether you are for the people or whether you are for organized greed, these third-story burglars who have been going over the United States for all these years plundering and exploiting the toilers, both women and men, in every section of our Republic. Now is the time for us to stand up and say where we are. Are we on the side of the poor, the humble, the hard-working and honest citizens of this Republic or are we for the big interests who plunder, rob, and exploit the people by day and night? [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has again expired.

Mr. RANSLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. COCHRAN].

Mr. COCHRAN of Pennsylvania. Mr. Chairman, ladies and gentlemen of the committee, on April 8 the Senate sent to the House its Resolution 49 and asked that the House join in it, to the end that it become law. That resolution was referred to the Committee on Military Affairs, and it was not lightly turned aside. Careful consideration was given to it, and because it seems to have been neglected in the discussion to-day I desire to call a few of its provisions to your attention.

In the first place, the committee differed with the resolution in principle, for it provided for the Government operation of the properties and facilities at Muscle Shoals. I may say that almost all of us do not believe in that principle, for we believe that the function of government is to govern and not place itself in competition with any of its citizens.

The best argument against Government operation is Muscle Shoals itself. The evidence before the committee is to the effect that private interests offered to construct the Wilson Dam and its power units for $19,000,000, and the Government at the same time, with the same labor and material costs, constructed it at an expense of $47,000,000.

The Senate resolution creates the Muscle Shoals Corporation of the United States. It sets up three directors, with no qualifications other than a profession of faith in the feasibility of the proposition. Its board of directors appoints a general manager, and the general manager appoints two assistant managers, by and with the consent of the board. The corporation is not bound to the production of a single pound of fertilizer. So far as nitrate plants No. 1 and No. 2 are concerned, it is bound only to experiment with them. With regard to the power plant it is bound only to sell the power, giving preference to States, counties, and municipalities, and then permitting the sale of this power to private interests for resale at a profit for periods of 10 years at a time.

If we examine the bill, the most important function of this corporation is the construction of another immense power proposition at Muscle Shoals, 300 miles up the river at Cove Creek. That is an immense construction. Its flowage area will cover 60,000 acres of land. Towns and municipalities will have to be removed and churches, schools, houses and cemeteries, railroads, public roads, and bridges; and this dam will have to be constructed, and generating units installed to produce 200,000 horsepower per year.

This Government corporation would be authorized to construct transmission lines. It is estimated that this dam and the generating units will cost $40,000,000. A transmission line from Cove Creek to Muscle Shoals, 300 miles, it is estimated, will cost $9,000,000 more.

When I look at the duty of this corporation to construct a power project at Cove Creek much larger than the greatest amount of primary power than can be produced at Muscle Shoals after the construction of the Cove Creek Dam, I am wondering which is the power bill, the Senate bill or the House amendment.

The Senate bill carries an authorization of $10,000,000, with $2,000,000 of the $10,000,000 to be expended this year in the commencement of construction at Cove Creek.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. COCHRAN of Pennsylvania. Certainly.

Mr. OLIVER of Alabama. I find the gentleman has not always been opposed to the Government constructing dams, because he voted for a large dam in the West costing many more millions, and voted against recommitting the bill.

Mr. COCHRAN of Pennsylvania. I will say that is an entirely different proposition.

Mr. OLIVER of Alabama. I see.

Mr. COCHRAN of Pennsylvania. These are a few of the reasons which induced the House Committee on Military Affairs unanimously to pass over the Senate resolution and to appoint a subcommittee of five to draft a Muscle Shoals bill.

This is not a leasing bill in the sense that it writes a lease. It simply authorizes a board of three to negotiate a lease upon certain principles and under certain limitations enumerated. This board of three would be appointed by the President, and without the consent and approval of the Senate, because it is a temporary board, expiring the 1st of December, 1931.

The first duty of this board is to organize, then to cause an appraisement to be made, then to advertise for bids for the leasing of Muscle Shoals. It is authorized to enter into one or more leases. I believe that in the end one lease will be consummated. I believe it is wise that multiple leases may be consummated, because it places in competition with the large interests able to make a single lease, a number of smaller lessees; but it is immaterial to the success of the project whether one lease or multiple leases be entered into, because if multiple leases are entered into there is a provision in this substitute bill requiring all lessees to join in a holding corporation for the allocation of the power among the several lessees and fixing the prices to be paid for it. So that under this bill we have the benefit of competition and arrive at the same end whether originally we have one lease or multiple leases.

The power is the greatest value here. The bill provides, in its final section, that the power can not be leased unless at the same time or prior thereto leases are or have been negotiated for the production of fertilizer.

Every watt of the power there is dedicated to the production of fertilizer, and, those needs being supplied, the power next is to be allocated to States, counties, and municipalities. Up to this point the disposition of the surplus power, under the substitute bill, is identical with its disposition under the Norris bill. Under the Norris bill at this point the power could be sold to private power-distributing companies, but under the substitute bill it must next be sold to industry, ferroalloy and chemical industries; and, those demands being satisfied, it may be sold to private power-distributing companies for the identical time for which it could be sold under the Norris bill, the only difference being that under the Norris bill a contract to a private power-distributing company can be canceled upon two years' notice, and under the substitute bill two years prior to the expiration of a 10-year lease any company having a prior right could step in and take the power away at the expiration of the two years from the private power-distributing companies.

It is said that this bill departs from principles that have been heretofore enunciated by the committee and by the Congress. It might be sufficient to say in answer that it is perhaps

wise after 10 years of failure to depart from at least some of those principles which have not succeeded. [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. RANSLEY. Mr. Chairman, I yield five minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Chairman and members of the committee, at the outset of my remarks I desire to congratulate the Rules Committee on the wisdom of the liberal rule that it has reported for the consideration of this very important legislation. In view of the tremendous magnitude and national importance of this measure, to have considered it under suspension or under an arbitrary rule that would have limited debate and barred amendments would have been a very serious mistake for those charged with the responsibility of leadership and legislation.

The Muscle Shoals problem has been the most abstruse and obtuse question that has challenged the consideration of the Congress for many years. For a decade we have had Muscle Shoals with us, and it seems to me that our failure to solve the Muscle Shoals problem is a serious reflection upon our ability to function as a legislative body.

There can be but two explanations for our failure to dispose of this question; we are either impotent to act, or we deliberately do not want to act; and either horn of the dilemma is indeed a sad commentary upon this body which we are accustomed to proclaim the greatest legislative agency in the world.

It is a well-known fact that the development of the Muscle Shoals program will make the area contiguous thereto the greatest hydroelectric region in the world. And it has been suggested that peradventure a certain section or certain sections of this country are apprehensive lest they may suffer industrial loss if this program is consummated. I can not believe that such a selfish and sordid sentiment could actuate any Member of this body from whatever section he may come. Such an unpatriotic motive is unworthy of any man or woman fit to occupy a seat in this Chamber. It is perhaps true that the proposed development will ultimately make the Tennessee River Valley a veritable industrial Ruhr, but what patriotic American does not rejoice to see any section of his country prosper? After all, we are all Americans and all for America.

When Members of Congress from the East, North, and South voted millions upon millions for the irrigation and reclamation of the arid lands of the West, a thought of local benefit or disadvantage did not occur to them. The interior States derive no direct benefit from the great Panama Canal, yet in a spirit of national pride and to promote and secure the general welfare they unhesitatingly voted the necessary appropriation to construct it. Along with a large majority of the membership of the House, I voted for the Boulder Dam project because I considered it a meritorious proposition that would mean much for the development of the great Southwest, realizing at the time that no direct benefit would inure to me or my constituency therefrom.

And now we of the South come to you in the same spirit and on the same hypothesis, and appeal to your high sense of patriotism and ask you to divest yourself of any personal interest or prejudice, if you have such, and unite with us in the passage of a measure that will finally and forever settle a question that has agitated the American people for the past 10 years, and provide for a development that will employ thousands of people and add untold millions to the wealth of this great Nation.

Mr. Chairman, I am not so much concerned as to the form that may be employed as I am about the result and the substance. While as a general proposition I have always been opposed to Government ownership and operation, I recognize that there is a great deal of merit in the measure that has passed the Senate on this subject. In view of the fact that the Cove Creek Dam is to be used primarily as a storage proposition to aid navigation and flood control, but chiefly to increase the primary power on projects below, I believe this great dam should be built by the Government so that no complications can possibly arise in the future as to its instant control, if necessary. It is a well-known fact that the Cove Creek Dam, if employed exclusively as a hydroelectric project, could be made one of the largest and most powerful in the world, but we all recognize that its greatest value consists in its possibilities as a contribution to flood control, navigation, and its auxiliary importance to hydroelectric development downstream. It has been conservatively estimated that Cove Creek will double the primary power at all the dams now existing or that may hereafter be built below on the Tennessee from Cove Creek to Cairo.

As I said before, Mr. Chairman, I think we should cease haggling over the method of disposing of Muscle Shoals and seriously and sincerely set about the solution of this problem. We realize that there are two schools of thought in the Congress on this subject that are as diametrical to each other as the east is to the west—the private-ownership and the Government-ownership groups. And as practical men and women it must be apparent to us that to get together and solve and eliminate this hectic problem, we must approach it in a spirit of "give and take." It would be worse than folly for us to pass a bill here that we know in advance will have absolutely no chance of favorable consideration at the other end of the Capitol. Such procedure will be simply child's play—hollow mockery of "the purest ray serene." Therefore, I think we should pass the pending bill with some more or less minor, yet material, amendments, with the Senate bill as an alternative. There can be no sound objection to this if your professions are bona fide. If this leasing bill is sound in principle and workable, there will never be occasion to resort to the alternative.

It seems to me, Mr. Chairman, that the objection of some gentlemen to this alternative plan betrays a lack of good faith on their part. Why, gentlemen, if your bill is wise and practical, what have you to fear? On the contrary, if it is not wise and practical, and if its terms can not be carried into effect, in the interest of the people of the South and the Government itself, the other method should have the right of way. If you are really sincere in wishing to dispose of the Muscle Shoals question, let us approach the subject with candor and without equivocation, and with some degree of sympathy. The proposition is clear and clean-cut, and you can not dodge the issue.

Picture to-day a gigantic plant representing $150,000,000 of the people's money that has been idle ever since its completion more than five years ago, with some of the units rapidly disintegrating due to neglect, and with hundreds of thousands of horsepower going to waste that could be such a blessing, but due to congressional indifference or impotency, of no benefit whatsoever to mankind. Picture a great river system, the beautiful Tennessee and her tributaries, teeming with undeveloped water power. Picture thousands of unemployed petitioning the Congress of the United States to harness the tremendous and all but fabulous forces of this great river to the end that industry may spring up and give employment and afford happiness and contentment to the people. This is the situation presented by the Muscle Shoals problem to-day.

While the people who reside within the area adjacent to this great project are aroused to a tremendous intensity by the prospect of action at this session of the Congress, this is by no means a matter of local interest. The patience of the people of the whole Nation has been taxed to the breaking point by the inaction or the indifference of the Congress to this problem. And now shall Uncle Sam emulate the example of the dog in the manger by taking the very selfish attitude of refusing to do this job himself nor permitting private capital to do it? This is the situation in its final analysis.

Another objectionable feature in the pending bill is the unnecessarily long time limit allowed the commission in which to negotiate the lease provided for. It seems to me that six months from the passage of the bill ought to be sufficient—12 months would certainly be ample. And if the commission at the expiration of the 12 months shall not have consummated the lease contemplated, then the Government should proceed under the Senate alternative.

Mr. Chairman, in my humble judgment, this question would have been settled long ago but for outside interference. We have assigned one excuse after another for not acting in the past, but the fact remains that Congress has had less to do with this legislation than any other that has ever come before it. We have exhausted our alibis and we are now confronted by the naked, unvarnished, and grim-visaged specter of plain duty. Will we function or shall we by our own failure to act admit that the Congress of the United States is in reality not an independent, potent, and responsible body.

Mr. Chairman, the burden and responsibility for this legislation is on the party in power, and I desire to remind my Republican friends that if this Congress fails to dispose of the Muscle Shoals question its blood will be upon our hands. [Applause.]

Mr. HILL of Alabama. Mr. Chairman, how much time is left to this side?

The CHAIRMAN. The gentleman has five minutes.

Mr. HILL of Alabama. I yield five minutes to the gentleman from Alabama [Mr. STEAGALL].

Mr. STEAGALL. Mr. Chairman and members of the committee, I share deeply the anxiety felt by those who desire an early settlement of the Muscle Shoals question, but I do not think that we should allow haste at this late hour to be the sole controlling influence in our actions.

The plain truth is that the country should understand that there will be no Muscle Shoals legislation during this session of Congress. I am sorry this is the case, but Members of the

House understand this fully. I am sorry that those who are responsible for what is to be done at this session of Congress did not bring forward legislation dealing with the Muscle Shoals problem at the beginning of the session. Muscle Shoals legislation lies at the threshhold of the farm problem in this country, which the country has been told the Congress was called into extraordinary session to solve. During all these long months no plan has been put forward by the administration to end the matter. No constructive suggestion has been made; nothing has been said save to object to plans proposed.

Now, I can not bring myself to support this bill as reported by the Military Affairs Committee of the House. I should like to read, but time will not permit, the act under which this project was inaugurated. It was made one project; the only division contemplated was that the project should be devoted to preparation for war when necessary and for the manufacture of fertilizer for the benefit of agriculture in time of peace.

If we separate this property as is proposed in this bill, the cause of agriculture will be forgotten in two years and the benefits of this great project, inaugurated in the interest of agriculture, will be forever lost. It will be a betrayal of our trust if we attempt to divert that project from the purpose for which it was originally devoted and for which the initial appropriation was made.

Oh, they say that the Norris bill is only an experiment and therefore we should support the bill reported by the Committee on Military Affairs.

So far as I am concerned, I am not wedded to any particular bill. I have voted for whatever measures have been brought here, so long as they have adhered to the fundamental purpose of the original act which provided for the development at Muscle Shoals. The Norris bill adheres to that purpose, because it keeps the property in the hands of the Government and to be used for national defense and for the production of fertilizers.

Oh, they say it only provides for experiments. Suppose it does. So long as the Government holds and operates the plant there is not the same need for a specific contract as to how much fertilizers should be manufactured. There is no need for the Government to contract or enter into guaranties with itself. But it is a different matter if the project is to be turned over to private control. Of course, it will require several years to develop the property to its full capacity.

Every offer we had contemplated that it would take a year before they could manufacture fertilizer by any process at Muscle Shoals. But, after all, the bill before us is nothing more than an experiment and carries the implication that it can not succeed. I defy any lawyer in the House to say that it is more than an experiment. It is worse than the Norris experiment, because this bill carries with it the suggestion to private owners to whom it is to be leased that they can not carry out their part of the contract, and then gives them a way to escape enforcement of the contract. [Applause.]

Mr. HILL of Alabama. It is an invitation.

Mr. STEAGALL. An invitation; yes, a suggestion and an invitation. [Applause.]

Mr. RANSLEY. Mr. Chairman, I yield 15 minutes to the gentleman from Tennessee [Mr. FISHER].

Mr. FISHER. Mr. Chairman and members of the committee, it is my intention to vote for this leasing bill, but I sincerely hope that during its consideration, and before it is passed by the House, it will carry the provisions of the Norris bill as a condition that if there should be a failure upon the part of the board provided in this bill to effect a lease, then the Norris bill should go into effect and Muscle Shoals property developed in that way. It is a very difficult proposition for all to agree on Muscle Shoals legislation, and at the beginning of this session our committee began to study just what would be done. There was a vote on whether or not we would take up the Norris bill which was before us, and as one of the very small minority I voted for the Norris bill, because I thought amendments could be made to it that would probably make it acceptable to the Executive, but I saw and heard later that we would not be fortunate if we passed it or a bill from the committee like the Norris bill in getting a rule for its consideration; whereas, if a leasing bill were reported from the committee there would be a better chance to have it considered by this Congress.

It was the judgment of the House Committee on Military Affairs that there should be substituted for the Norris bill, which passed the Senate on April 2, providing for Government operation of the Muscle Shoals properties, a leasing plan with the creation of a board of three, after an appraisal of the properties, to negotiate and entertain proposals for the development of these properties. All three of this board would have to agree and require a bond effective for five years, the lease would be in full force and binding upon the United States provided it met with the approval of the President.

It was in 1916 that the President was authorized and empowered by the Congress to proceed to provide for the manufacture of nitrates and fertilizers. Muscle Shoals was the site recommended to the President by a commission because of its great water power and other natural resources. With the declaration of war there were soon gigantic efforts made to build the dam to harness the water power, steam power plants, nitrate plants, and a town to house the workers. Just before the armistice, nitrate plant No. 2 was completed sufficiently to start operation, which was continued for a sufficient length of time to demonstrate that it would produce the ammonium nitrate in the quantities it was designed to produce. Since then these great plants have been closed, but both buildings and machinery have been kept in good condition.

The problem of disposition or development of Muscle Shoals has been before the Congress without final solution for many years. The Ford offer was accepted by the House but failed to pass the Senate. Our committee has used it as a yardstick when other offers were being considered, but having failed to get offers which were acceptable and after many attempts were made by special committees and commissions, the Congress in 1928 passed the bill named the Norris bill providing for Government operation. It was presented to the President for his approval, but it was given a pocket veto, which did not require him to give the reasons why.

In this bill providing for the leasing of the properties by the board for guidance in negotiations with interested parties for a contract there are given the details of the general principles and special requirements of the Muscle Shoals development, which are to be followed in the contract so that it may comply with the wishes of the Congress. The leasing board is authorized in entering into a contract, in no case the length of time to exceed 50 years, to turn over the properties which include the Wilson Dam and other properties described; the authority to exercise the right of eminent domain necessary for the maintenance and construction of trackage and transmission lines. It is required that in the properties which can be used in the processes in the manufacturing of fertilizer bases or fertilizer there must be, within three years and six months, manufactured annually an acceptable plant food containing the proper amount of nitrogen; that there shall be increases each year, depending upon the market demands, until the maximum production capacity of the plants is reached, using the plants which are best adapted to the most efficient methods of fixation of nitrogen; that when the unsold supply falls below 2,500 tons of fixed nitrogen, production should be increased; that a laboratory research shall be maintained to determine how to produce a better grade of fertilizer at a lower price; that the sale of the fertilizers shall not exceed 8 per cent profit and costs will include amount paid for rent, not over 6 per cent on invested capital, and no allowance for royalty of any patent, patent right, or patented process, if already interested, but if such is bought to reduce cost of fertilizer it will be proper item of cost; that two productive engineers representing the Government and lessee and selection of certified accountants by them for ascertaining proper cost of fertilizer, this expense to be included in costs; that allowance of credit against cost of production be allowed for profit on sale of electricity sold during temporary suspension of plants and also not over 50 per cent of the profit for sale of electricity if it is developed that less is needed in the process; that preference in sales will be given to, first, farmers and cooperators, second, to States or State agencies; that primary and secondary power shall not be sold to any person or corporation for use in fixation of nitrogen or manufacture of fertilizers if associated in any way with fixing or maintaining noncompetitive process for nitrogen or nitrogen products; that annual payments to the United States for term of lease in a sum which at 4 per cent per annum compounded over 50 years would insure the United States of the appraised valuation of the properties, except no payments are to be made to amortize the appraised valuation of the two nitrate plants so long as they or either of them are used by lessee for fixation of nitrogen for fertilizers; that the rental for the use of the properties leased is to be paid by the lessee when and in amounts as the board shall determine fair and reasonable; that there will be an equitable allocation of surplus power among States within economic transmission distance, the sale and equitable allocation of primary or secondary power to those States, counties, municipalities, and political subdivisions as may make demand and agree to pay a reasonable price, the contract for the sale of the power not to exceed 10 years; that nitrate plants, the build-

ings and equipment installed for the production of nitric acid by the acidation of ammonia and for the production of ammonium nitrate for ammonia and nitric acid shall be maintained in good condition, ready for immediate operation in the event of war, and the Secretaries of War and Agriculture, or their representatives, will have access to the operations of the plants and laboratories; that the right of temporary recapture is given to the Government in event of war and damages will be paid to the lessee, the amount to be fixed by the Court of Claims; that in the event of failure of the lessee to comply with the terms of the lease the Government is given the right to make permanent recapture by instituting proceedings by the Attorney General, except as to the Cove Creek Dam when constructed.

Cove Creek Dam: Particular attention is called to section 2, in which the construction of a dam in and across Clinch River, approximately 8 miles north of Clinton, in the State of Tennessee, upon the dam site known as Cove Creek, shall be required by the terms of any lease. In the final report made by Maj. Gen. Lytle Brown, Chief of Engineers, on the Tennessee River and its tributaries, this Cove Creek Dam is shown to be the "key" dam in the great development of the Tennessee River, which, together with its tributaries, has 1,300 miles capable of being navigated by steamboats and barges and 1,000 miles still farther by rafts and flat boats, all located in or adjacent to seven States. This dam, if built, according to the latest approved designs of the Chief of Engineers, would, with navigation and flood control aid, together with its own power development, bring about great benefits.

The engineers in taking cores from the borings at the dam site found the existence of a rock whose condition is suitable for the foundation of a dam of the size and type recommended by them. The capacity of the proposed power plant is placed at the maximum of 220,000 horsepower.

The reservoir, with the regulation of the stream flow, will aid facilities of navigation and flood control and greatly increase the power of all the dams below, which at the present time would be Hales Bar and Wilson Dams. It would mean that the primary power at Wilson Dam would be increased more than 50 per cent, or total about 135,000 horsepower. If and when all the dams in the plans of development are built there will be a still greater increase of horsepower for the entire system. It will be readily recognized how important it is for the United States as owner of the Wilson Dam that Cove Creek Dam be built; its value would be greatly increased, for its weakness is in the high and low water of the Tennessee River. The same importance would apply for the lessee for the control of the water in the reservoir would give not only increase of power in the release of water when the river was low but also the release of power by the use of transmission lines.

It is provided that if the leasing board finds that the costs of construction of Cove Creek Dam and of its operation for improvement of navigation and flood control will be in excess of what will be a reasonable cost of same for power purposes the President may issue a license on conditions to be expressed in the license that the United States will reimburse the licensee in amount deemed by leasing board as necessary contribution for the cost of the project for navigation, improvements, and flood control.

Of interest to all Tennesseeans will be the provision in section 3 of the bill, which amends the Federal water power act of 1920 so that the State of Tennessee—

(b) At the expiration of the license for the construction and operation of said dam at the Cove Creek site the State of Tennessee shall have the right to recapture the interests of the lessee or lessees and licensee or licensees in said dam and appurtenant structures, including hydroelectric generating equipment, but exclusive of any barge lift or navigation appliances, by paying the lessee or lessees or licensee or licensees therefor an amount equal to the net investment, as defined in said Federal water power act of 1920, as amended, made by said lessee or lessees and licensee or licensees in said dam and appurtenant structures: *Provided*, That in the event the State of Tennessee shall exercise the right hereby conferred, the State of Tennessee and its agents shall hold and operate the same in the interest of the development of the maximum primary power at Dam No. 2 and of navigation, and subject to the provisions of the Federal water power act of 1920, as amended, to the same extent as if the same were held and operated by the United States or a licensee thereof.

There is also in section 3, subsection A, provision that the appropriate agency of the State of Tennessee is to cooperate with the Federal Power Commission in the establishment of a policy as to reasonable royalties due from power projects in Tennessee, now existing or to be constructed on the Tennessee or Clinch Rivers downstream from the Cove Creek Dam.

The cost of Cove Creek Dam, according to the plans, is estimated at $37,540,643, approximately $5,000,000 for navigation. Its height is to be 225 feet, with a reservoir 74 miles long, with 54,525 acres impounding 3,000,000 acre-feet of water. The Federal water power act gives the Secretary of War the power to regulate the discharge of water or the control of the pool level in the interest of navigation and flood control. This reservoir will hold its impounded 3,000,000 acre-feet of water which otherwise, regardless of flood conditions unrestrained, would be on its way to empty its flood record of 499,000 second-feet into the Ohio River, only 47 miles from the Mississippi River.

Major General Brown, in his recent report on the Tennessee River, states:

Floods occur frequently on the main stream and on the lower part of most of the tributaries. The damage done by ordinary floods is not great, but the flood of 1926, the largest of record, caused damages estimated at $2,650,000. The district engineer states that still larger floods are possible, and that a flood of the magnitude which might be expected to occur once in 500 years would do damage amounting to $14,000,000. Including damages from such future floods, he estimates the average damage from floods at $1,780,000 annually.

The damages done by the flood in 1926 to Chattanooga have been estimated at $600,000. Knoxville, Rockwood, Florence, and other towns also suffered losses.

Major Watkins, who had charge of the survey of the Tennessee River, in the hearings before our committee, stated that he had made a thorough study of the effect the building of the Cove Creek Dam would have had upon the reduction of flood heights during the 1926 flood; at Rockwood about 6.6 feet; at Chattanooga, 5.7 feet; at Florence, 1.8 feet; and at Johnsonville, 1.6 feet.

During the exhaustive study of the flood-control problem of the Mississippi Valley in 1928 by the Committee on Flood Control a survey was made as to the practical use of reservoirs to impound the flood waters.

There were sought sites for reservoirs where the stored water could be used for producing power if not for irrigating lands. It was found that the lands were fertile which were to be flooded, and the costs of these lands would make the reservoirs too expensive. In the survey in the Cove Creek area it is shown that the land costs under $40 per acre.

These great resources of nature should be harnessed, for the power will bring industries; the improved navigation by regulation of its pool level will materially aid in giving 12 months of activities to the boats and barges which will be forthcoming to meet the demands of future commerce on the Tennessee River, which will include products best adapted for water traffic, such as coal, iron ore, marble, limestone, cement materials, sand, and gravel; that the controlled waters in flood seasons would end the damaging floods to the cities along the Tennessee and give the economic advantage which would follow, and aid in the great problem of the control of the Mississippi River.

Mr. RANSLEY. Mr. Chairman, I yield five minutes to the gentleman from Nevada [Mr. ARENTZ].

Mr. ARENTZ. Mr. Chairman, ladies and gentlemen of the committee, for about eight years now we have tried to draw up a contract in Congress to dispose of Muscle Shoals. We have not gotten anywhere. To-day we have a bill before us to appoint a committee of three men to draw up contracts, leases, and agreements for us. Whether we believe in the scheme as laid down to-day in this bill or not, we are going to be separated in our vote; so far as the vote on this bill is concerned, we must decide as to whether we believe in Government operation or in private operation.

The bill as proposed by the Military Affairs Committee takes the operation of this plant out of the hands of the Government. The Norris bill places the operation of the plant in the Government. I think the bill could be changed in many ways to make it a better bill. Personally I do not believe the States of Tennessee and Alabama are considered as they should be in the bill. The statement was made by the gentleman from Arizona [Mr. DOUGLAS] that Alabama and Tennessee could tax this property and gather in quite a bit of revenue from taxation. The bill states that the only taxable property in conjunction with this work will consist of plant or machinery hereafter to be constructed by the lessees. It does not have anything to do with the taxing of the present plant or the present machinery or the improvements of possible tens of millions of dollars that will go in the plant to make it workable, so that the taxable power of the States of Alabama and Mississippi is rather a nebulous thing, because there will be very little, if anything, to tax.

I want to confine myself for a moment to the matter of the Cove Creek Reservoir. It seems to me that the present project

as it is, comprising the development of some 80,000 horsepower, should stand upon its own bottom. We should make contracts for the delivery and sale of that power for the manufacture of nitrogen or for the distribution of the power to municipalities just as it is without tying it up to the construction of the Cove Creek Reservoir, a reservoir that will cost approximately from $38,000,000 to $40,000,000. We are going to get a very poor contract, it seems to me, from those who want to buy power or from those who want to manufacture fertilizer if we have in the immediate distance an expenditure of $38,000,000 to $40,000,000 for reservoirs. It seems to me far better to confine the matter to the sale and disposition and use of the 80,000 firm horsepower flowing from the machinery now installed at Muscle Shoals when operating to full capacity. But we understand that the plant now in existence will actually produce about 80,000 horsepower. It seems to me that it is far better to sell that 80,000 and arrange later on for the construction of the Cove Creek Reservoir at a cost to the Federal Government, and then to amortize the cost of that Cove Creek construction of $38,000,000 through revenue derived from the sale of the 80,000 horsepower and the additional horsepower that will be brought about by the construction of Cove Creek Reservoir.

The CHAIRMAN. The time of the gentleman from Nevada has expired. The Clerk will report the bill for amendment.

Mr. HILL of Alabama. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HILL of Alabama. As I understand, under the rules, this bill is subject to amendment by sections, not by paragraphs.

The CHAIRMAN. That is correct.

The Clerk read as follows:

That the President of the United States (hereinafter referred to as the President) be, and is hereby, authorized and empowered to appoint three eminent citizens of the United States, one of whom shall be identified with agriculture, and these three shall constitute a leasing board (hereinafter designated as the leasing board) for the purpose of negotiating the contract or contracts hereinafter authorized, and the term of office of all members of the leasing board shall expire December 1, 1931. The members of said leasing board shall upon receiving notification of their appointment take an oath faithfully to perform the duties imposed by the provisions of this act, and upon the filing of said oath with the President, commissions shall be issued to them, and thereupon the President shall set a time and place for their meeting, when the leasing board shall organize.

The leasing board is hereby directed to appoint appraisers to appraise the United States properties constituting the Muscle Shoals development, separating the same into such parts as the leasing board may direct, and the value of each and all, as determined by such appraisers, shall represent the present fair value of United States properties involved, and shall, after approval by the leasing board, be final for all the purposes of this act: *Provided*, That if two or more leases shall be under consideration the leasing board may direct a rearrangement of the parts and a consequent reappraisal thereof.

The leasing board shall give notice, for a reasonable time and in such manner as to them shall seem most likely to insure the widest circulation, that they are ready to entertain proposals for the leasing of the Muscle Shoals property hereinafter described, and the leasing board shall furnish to any person on demand full information as to the appraised value of said properties or any part thereof. The concurrence of at least two members of the leasing board shall be necessary for any action, except in the case of the execution of a lease or leases which shall require the concurrence of all members of the leasing board. If any member of the leasing board die, resign, or be dismissed by the President for any cause whatsoever, the President shall fill the place thus made vacant.

When the leasing board shall have negotiated a lease or leases for the Muscle Shoals properties as hereinafter authorized they shall require an adequate performance bond effective for the first five years of the lease or leases and shall then execute the said lease or leases by signing their names thereto, and the lessee or lessees shall affix their signatures thereto, and thereupon the draft of such lease or leases shall be submitted to the President, who shall consider the same, and who, in not less than 30 days nor more than 60 days after he shall receive the same, may approve of the same in writing, and if the President shall so approve they shall forthwith become effective and binding upon the Government of the United States and upon the lessee or lessees. But if the President withhold his approval thereof, the leasing board shall have the right to reopen negotiations, and if another draft of such lease or leases be agreed upon and executed, then the same shall be submitted to the President, and the like proceedings be had with reference thereto.

Mr. RANSLEY. Mr. Chairman, I move that the committee do now rise.

Mr. LAGUARDIA. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LAGUARDIA. The section which has just been read will be open for amendment to-morrow morning?

The CHAIRMAN. Yes. The question is on agreeing to the motion of the gentleman from Pennsylvania that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MAPES, Chairman of the Committee of the Whole House on the state of the Union, having under consideration the resolution (S. J. Res. 49) to provide for the national defense by the creation of a corporation for the operation of the Government property at and near Muscle Shoals, in the State of Alabama, and for other purposes, reported that that committee had come to no resolution thereon.

MESSAGE FROM THE PRESIDENT

The SPEAKER laid before the House the following message from the President of the United States:

To the House of Representatives:

In compliance with the request contained in House Concurrent Resolution 33, passed May 24, 1930, I return herewith the bill H. R. 185 entitled "An act to amend section 180, title 28, United States Code, as amended."

HERBERT HOOVER.

THE WHITE HOUSE, *May 27, 1930.*

AMENDMENT OF SECTION 180, TITLE 28, UNITED STATES CODE

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent to present the following resolution and ask for its present consideration.

The SPEAKER. The gentleman from Pennsylvania presents a resolution and asks unanimous consent for its present consideration. The Clerk will report it.

The Clerk read as follows:

House Concurrent Resolution 35

Resolved by the House of Representatives (the Senate concurring), That the action of the Speaker of the House of Representatives and of the Vice President in signing the bill (H. R. 185) entitled "An act to amend section 180, title 28, United States Code, as amended," be rescinded, and that in the reenrollment of said bill the word "Richmond" be stricken out and the word "Richland" be inserted in lieu thereof.

The SPEAKER. Is there objection?

Mr. GARNER. Mr. Speaker, I understand this is the quickest parliamentary method by which the change can be made by which the gentleman may have the bill recalled?

The SPEAKER. Yes. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate insists upon its amendments to the joint resolution (H. J. Res. 270) entitled "Joint resolution authorizing an appropriation to defray the expenses of the participation of the Government in the Sixth Pan American Child Congress, to be held at Lima, Peru, July, 1930," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BORAH, Mr. JOHNSON, and Mr. SWANSON to be the conferees on the part of the Senate.

The message also announced that the Senate had passed without amendment joint resolutions of the House of the following titles:

H. J. Res. 346. Joint resolution to supply a deficiency in the appropriation for the employees' compensation fund for the fiscal year 1930;

H. J. Res. 349. Joint resolution making an appropriation to the Grand Army of the Republic Memorial Day Corporation for use on May 30, 1930; and

H. J. Res. 350. Joint resolution to provide funds for payment of the expenses of the Marine Band in attending the Fortieth Annual Confederate Veterans' Reunion.

The message also announced that the Senate had adopted the following resolution:

Resolved, That the report of the committee of conference on the disagreeing votes of the two Houses on the various amendments of the Senate to the bill (H. R. 2667) entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes," upon which the first committee of conference on said bill were unable to agree, which report was presented to the Senate on May 26, 1930, be recommitted to the committee of conference on said bill.

THE TARIFF

Mr. GARNER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GARNER. If I understood the message from the Senate aright, it is to the effect that the conferees were unable to agree. I may not have correctly caught the reading of it, but I want to challenge the statement of the Senate. I challenge that report, Mr. Speaker, because the conferees did come to a complete agreement on the differences between the House and Senate. That report from the Senate is not correct. I do not happen to see any other conferees on the part of the House present at this moment, but I think the gentleman from Oregon [Mr. HAWLEY] and the gentleman from New Jersey [Mr. BACHARACH] and the gentleman from Mississippi [Mr. COLLIER], if they were here, would confirm that statement that the conferees did come to a complete agreement.

The SPEAKER. The Chair understands that this is merely to continue its conference.

Mr. GARNER. I am speaking about the statement in the message from the Senate to the House. I do not think that the House or its conferees should be put in the attitude of having its conferees go back to conference on the theory that we did not arrive at a complete agreement, because, as a matter of fact, the conferees did arrive at a complete agreement. I see the gentleman from Oregon [Mr. HAWLEY] is here. I will ask the gentleman from Oregon, Did not the conferees come to a complete agreement on the differences between the House and Senate?

Mr. HAWLEY. Yes; on all matters included within our jurisdiction.

Mr. CHINDBLOM. Mr. Speaker, may we have the message again read?

The SPEAKER. Without objection, the Clerk will again read the message.

The Clerk read as follows:

Resolved, That the report of the committee of conference on the disagreeing votes of the two Houses on the various amendments of the Senate to the bill (H. R. 2667) entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes," upon which the first committee of conference on said bill were unable to agree, which report was presented to the Senate on May 26, 1930, be recommitted to the committee of conference on said bill.

Mr. HAWLEY. I think that refers to the first conference.

Mr. CHINDBLOM. That was the matters on which they disagreed on the first conference and which were subsequently submitted to further conference.

Mr. GARNER. I want to find out what the conferees are going back to. The conferees on the part of the House have come to a complete agreement and adopted a conference report in the first instance. Has the Senate disagreed to that conference and asked for a new conference?

Mr. COOPER of Wisconsin. Mr. Speaker, in view of the statement of the gentleman from Texas, I think it ought to be said right now that the report was sent back by the Senate to the conferees because it included a particular sentence, in agreeing to which it was held by the Presiding Officer they exceeded their authority and violated the rules governing conferences. This is the language——

Mr. GARNER. Will the gentleman yield?

Mr. COOPER of Wisconsin. I yield.

Mr. GARNER. I agree with what the gentleman is going to say, but that is not the message. The message does not say anything about the Presiding Officer holding it out of order. The message simply says that they have disagreed to the first conference. If they have, the House must agree to a new conference.

Mr. COOPER of Wisconsin. I would like to read that language, because I think it should appear in the RECORD at this point:

In the event the President makes no proclamation of approval or disapproval within such 60-day period, the commission shall immediately, by order, publicly declare such fact, and the date of expiration of such period, and the increased or decreased rates of duty, and the changes in classification or in basis of value recommended in the report of the commission shall, commencing 10 days after the expiration of such period, take effect with respect to the foreign articles when so imported.

As I understand, the technical point was made that the conferees had no power under the parliamentary rules governing conferences to agree upon that proposition.

Mr. HAWLEY. Mr. Speaker, if reference to the bill is left out it reads:

Resolved, That the report of the committee of conference on the disagreeing votes of the two Houses on the various amendments of the Senate * * * upon which the first committee of conference on said bill were unable to agree * * *

Then the rest of it—

be recommitted to the committee of conference on said bill.

What they intended to say and what they decided to do in somewhat indefinite language was that the items that were in dispute on the second conference are the items referred to here, and are now to be returned to the second conference.

Mr. GARNER. Is that the interpretation which the Chair now places upon it?

The SPEAKER. The Chair places that interpretation upon it.

Mr. GARNER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GARNER. In view of the message from the Senate, if this conference is called into session again, it will only be on the provisions assigned to the second conference?

The SPEAKER. The Chair thinks so.

Mr. GARNER. And any action of the first conference can not be taken up by the House conferees?

The SPEAKER. It would not be before them.

Mr. GARNER. And a point of order on any action taken by the first conferees would lie against a conference report by the House Members?

The SPEAKER. The Chair does not understand the last inquiry by the gentleman from Texas.

Mr. GARNER. I propounded the query to the Speaker in the beginning of the second conference that if the conferees undertook to change any provision of the first conference report it would be subject to a point of order in the House of Representatives.

The SPEAKER. Yes.

Mr. GARNER. That is no longer in conference, so far as the House is concerned?

The SPEAKER. That is no longer in conference, so far as the House is concerned.

Mr. GARNER. This conference could only handle what the second conference was authorized to handle?

The SPEAKER. As the Chair understands the parliamentary situation, it is this: A point of order was made in the Senate and sustained, based on the flexible tariff provision, in that the conferees had exceeded their jurisdiction. The rule in the Senate in such cases is that where a point of order is made and sustained, the other House not having acted, the conferees remain as conferees, and it is automatically recommitted to the conference committee. In the House, however, the rule is different. Where a point of order is made and sustained, the conferees are retired; but in view of the fact that the House has taken no action, the conferees not having reported any action of the second conference to the House, the Chair thinks that automatically, this action having been taken by the Senate, the existing conferees remain in so far as the second conference is concerned.

Mr. HAWLEY. That is a fair interpretation, because Senator SMOOT has called us to meet on Thursday at 10 o'clock.

MESSAGE FROM THE PRESIDENT—FEDERAL PROBATION OFFICERS

The Chair laid before the House the following message from the President:

To the House of Representatives:

In compliance with the request contained in House Concurrent Resolution 34, passed May 26, 1930, I return herewith the bill H. R. 3975, entitled "An act to amend sections 726 and 727 of title 18, United States Code, with reference to Federal probation officers, and to add a new section thereto."

HERBERT HOOVER.

THE WHITE HOUSE, *May 27, 1930.*

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent for the present consideration of a resolution which deals with the message of the President just read. As the resolution is somewhat long, I might state its purpose and save time. This is simply to correct an error in the recital of the act that is to be amended, owing to the proviso to the code that it should only be prima facie evidence of the law and not the law. Although this matter had been passed once in a previous Congress and by two Attorneys General, the present Attorney General sent a letter to the President stopping the signing of the bill, hence the recall. This resolution simply recites the different items that are to be stricken out, putting the code in brackets and reciting the original statute that is amended.

Mr. CHINDBLOM. Mr. Speaker, let it be read.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent for the present consideration of a resolution, which the Clerk will report.

The Clerk read the resolution, as follows:

House Concurrent Resolution 36

Resolved by the House of Representatives (the Senate concurring), That the action of the Speaker of the House of Representatives and of the Vice President in signing the bill H. R. 3975, entitled "An act to amend sections 726 of title 18, United States Code, with reference to Federal probation officers, and to add a new section thereto," be rescinded, and that in the reenrollment of said bill the following changes be made:

Page 1, line 3 of the engrossed bill strike out all of line 3 and insert in lieu thereof the following:

"That sections 3 and 4 of the act of March 4, 1925, chapter 521, 43 Statutes at Large, 1260, 1261 (secs. 726 and 727, title 18, U. S. C.), entitled 'An act to provide for the establishment of a probation system in the United States Courts, except in the District of Columbia.'"

Page 1, line 5 of the engrossed bill strike out the figures "726" and insert the figure "3."

Page 2, line 21 of the engrossed bill strike out the figures "727" and insert the figure "4."

Page 3, line 20 of the engrossed bill strike out all of line 20 after the word "section" and all of line 21 and insert in lieu thereof the following: "4 of the act of March 4, 1925, chapter 521, 43 Statutes at Large, 1261 (sec. 727, title 18, U. S. C.), entitled 'An act to provide for the establishment of a probation system for the United States Courts, except in the District of Columbia,' as follows".

Page 3, line 22 of the engrossed bill, strike out the figures "726" and insert the figures "4 (a)."

Page 1 of the engrossed bill strike out all of the title and insert in lieu thereof the following:

"To amend the act of March 4, 1925, chapter 521, and for other purposes."

The SPEAKER. Is there objection?

Mr. GARNER. Mr. Speaker, this is merely to cure a defect?

Mr. GRAHAM. That is correct. There is no change in the substance whatsoever.

The SPEAKER. Is there objection?

There was no objection.

The resolution was concurred in.

CONFERENCE REPORT—LEGISLATIVE APPROPRIATION BILL

Mr. MURPHY. Mr. Speaker, I submit a conference report on the bill (H. R. 11965) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1931, and for other purposes, for printing under the rule.

Mr. GARNER. May I ask the gentleman from Ohio if that is a complete report?

Mr. MURPHY. Well, not exactly. There are two matters in it which will have to be brought to the House to-morrow.

Mr. STAFFORD. When does the gentleman expect to bring this conference report before the House for consideration?

Mr. MURPHY. I am going to ask permission to-morrow.

Mr. STAFFORD. Unless it is very urgent, we would like to have the entire day given over to the consideration of the Muscle Shoals legislation.

Mr. MURPHY. It will not take five minutes to dispose of it.

PERMISSION TO ADDRESS THE HOUSE

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to make a very brief announcement to the House.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. McSWAIN. Mr. Speaker, I desire to say to the Members of the House that when the Committee of the Whole House on the state of the Union resumes its consideration of S. 49, the Muscle Shoals matter, I will move to strike out all the language which constitutes the House amendment to the bill and to insert in lieu thereof the language contained in H. R. 12097, which bill the Members will find printed in the RECORD of May 26.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. CHINDBLOM. When the gentleman says the House amendment the gentleman means the committee amendment which is a substitute for the Senate bill?

Mr. McSWAIN. That is correct.

DESTRUCTION OF DUPLICATE ACCOUNTS

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 5261, to authorize the destruction of duplicate accounts and other papers filed in the offices of clerks of the United States district courts and agree to the Senate amendment. The Senate amendment merely fixes a date from which the 10 years shall be computed. This bill refers only to the destruction of old papers.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to take from the Speaker's table House bill 5261, and agree to the Senate amendment. The Clerk will report the bill and the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 7, after "years," insert "after final disposition of such proceedings."

The SPEAKER. Is there objection?

Mr. GARNER. May I ask the gentleman from Pennsylvania if this is satisfactory to his entire committee?

Mr. GRAHAM. It is; and I am authorized by the committee to ask for this action.

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was agreed to.

COMPILED LAWS OF ALASKA

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5258) to repeal section 144, Title II, of the act of March 3, 1899, chapter 429 (sec. 2253 of the Compiled Laws of Alaska), and agree to the Senate amendment. In this case there was a date fixed at which the bill should become effective; that date has passed and the Senate simply struck it out, so that the bill becomes operative after its passage.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to take from the Speaker's table House bill 5258 and agree to the Senate amendment. The Clerk will report the bill and the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 6, strike out ", effective on and after January 1, 1930."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was agreed to.

DEFICIENCY OF POSTAL REVENUES

Mr. SANDERS of New York. Mr. Speaker, I ask unanimous consent to call up the bill S. 3599, to provide for the classification of extraordinary expenditures contributing to the deficiency of postal revenues and insert the House bill as an amendment to the Senate bill.

The SPEAKER. The Chair does not understand the procedure suggested by the gentleman.

Mr. SANDERS of New York. To insert the matter in the House bill as an amendment to the Senate bill.

Mr. TILSON. What is the bill?

Mr. SANDERS of New York. The matter involved is merely a matter of accounting.

The SPEAKER. The House must agree to consider the bill before an amendment can be offered to it. The Clerk will report the bill.

The Clerk read the title of the Senate bill.

Mr. GARNER. Mr. Speaker, I did not catch the gentleman's purpose. What is the request?

Mr. KELLY. Mr. Speaker, if the gentleman will permit, this bill is simply a matter of accounting in the Post Office Department. The Senate has passed a measure and sent it over here, and it is now on the Speaker's table. The House committee has unanimously reported a bill, and it is now on the calendar.

Mr. GARNER. Are they similar?

Mr. KELLY. They are substantially similar, but the House bill contains two small items exactly along the lines of the ones contained in the Senate, but they were omitted by inadvertence by the Senate committee. There is no money involved, and it is simply a matter of permitting the Postmaster General to certify to the Secretary of the Treasury items carried in the Postmaster General's report. It is a matter of accounting.

Mr. STAFFORD. Will the gentleman yield?

Mr. KELLY. Yes.

Mr. STAFFORD. Is this the bill that provides for an allocation of cost of service so that the Postmaster General will be obliged to set aside so much as the cost for franking, so much for penalty mail, and so on?

Mr. KELLY. No, Mr. Speaker; the Postmaster General in his report makes an allocation of certain free services and now he has no authority——

Mr. STAFFORD. Mr. Speaker, I think this bill should go over, not being identical with the House bill, and I object.

RETIREMENT LEGISLATION

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks on the retirement bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MEAD. Mr. Speaker, under the law existing prior to the passage of the present bill the maximum annuity that could be obtained was $1,000 per annum. This was determined by ascertaining the basic salary of an employee for the last 10 years of service, not exceeding $1,500 per annum, and multiplying that sum by the years of service, not exceeding 30, and dividing the total arrived at by 45.

Under the proposed Dale bill the maximum annuity obtainable was increased to $1,200 per year. This was determined by ascertaining the basic salary of an employee for his five highest consecutive years of service at his option, not to exceed $1,600 per annum and multiplying this by the years of service, not to exceed 30 years, and dividing total arrived at by 40.

The Lehlbach bill has incorporated in its provisions the Dale bill, so that no employee can receive less than what he or she would have received under the terms of the Dale bill. The Lehlbach bill also established two funds into which deductions from salary are paid, and from which annuities are also paid—(1) the tontine fund and (2) a member's individual account. The percentage of deductions from salary—3½ per cent—are the same as heretofore. However, from this deduction from salary of every person covered by the law is taken the sum of $1 each month, which is paid into the tontine fund, and the balance is deposited to the individual account of the member. To illustrate: Assuming an employee receives $2,000 a year, 3½ per cent deduction will amount to $70, from which will be taken the sum of $12 per year to be paid into the tontine fund, and the balance of $58 will be deposited to the account of the employee. The tontine contributions apply to all employees equally.

Upon retirement, a member reaching retirement age, will receive $30 for each year of service, not exceeding 30, from the tontine fund, and the additional annuity which the amount to his credit in his individual account will purchase, in no case to be less than he would have received under the Dale bill, provided, however, that no one can receive more than three-quarters of his base pay, which would be the average for the five highest consecutive years as above stated.

In addition to the above retirement for disability, now 15 years, has been reduced to 5 years. Ages for retirement are reduced at the option of the employee from 70 to 68, 65 to 63, and 62 to 60 years of age. The new law is retroactive and it applies to those already retired, and, inasmuch as the annuity is computed on any five years of service, this will give those already retired a substantial increase in annuity. The Lehlbach bill includes all persons already covered by preexisting law, and also employees of the United States Soldiers' Home for Disabled Volunteer Soldiers and some employees in the Foreign Service and also in the Indian Service. The features as herein explained are contained in the bill which recently received the approval of Congress.

It was the best legislation possible to secure at this session, and I was pleased to support the original bill as well as the conference report.

OLEOMARGARINE

Mr. HAUGEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6) to amend the definition of oleomargarine contained in the act entitled "An act defining butter, also imposing a tax upon and regulating the manufacture, sale, importation, and exportation of oleomargarine," approved August 2, 1886, as amended, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The Clerk read the title of the bill.

Mr. GARNER. Mr. Speaker, this is a very important bill and some very important amendments have been placed on the bill in the Senate. I would like to ask the gentleman from Iowa [Mr. HAUGEN] whether he has had a meeting of his committee with a view to considering these amendments and whether he is authorized to call the bill up and ask that it go to conference.

Mr. HAUGEN. The bill has not been taken up in committee.

Mr. GARNER. I wish the gentleman would pass this over until to-morrow, so that we can see some of the membership of the House, at least on this side of the House, who are interested in the Senate amendments. I think they are of sufficient importance, may I be permitted to say to the gentleman from Iowa, to take the bill to the gentleman's committee and discuss it thoroughly with a view to getting an expression of opinion from the gentleman's committee, if not an expression from the House itself.

Mr. HAUGEN. It is simply a matter of extending the time for 12 months. I do not think there are any very important amendments.

Mr. GARNER. I wish the gentleman would let it go over until to-morrow.

Mr. HAUGEN. Very well, Mr. Speaker. I withdraw the request.

HOUR OF MEETING TO-MORROW

Mr. TILSON. Mr. Speaker, I have been requested to ask unanimous consent that the House meet at 11 o'clock to-morrow instead of 12 o'clock.

Mr. GARNER. As I understand, that is with a view to trying to finish the consideration of the Muscle Shoals bill to-morrow?

Mr. TILSON. Some of those most interested in this bill, or at least some of those who have taken an active part in its consideration, believe that it will necessitate rather long hours to-morrow to complete its consideration, and therefore have asked me to make this request. I now submit the request, Mr. Speaker.

Mr. LAGUARDIA. Reserving the right to object, will the gentleman kindly couple with his request that the permission of the House heretofore given to the Committee on the Judiciary to sit to-morrow afternoon during sessions of the House be vacated? Some of us are very much interested in this Muscle Shoals legislation.

We are also very much interested in what is going on. We have permission to sit during the sessions of the House on Monday, Tuesday, and Wednesday. If we are going to meet at 11 o'clock to-morrow, I want to be here.

Mr. MICHENER. The purpose of sitting in the afternoon is to consider certain bills which we have considered and reported.

Mr. LAGUARDIA. But the order still stands. At 11 o'clock I want to be here.

Mr. BANKHEAD. This unanimous-consent request does not make it mandatory.

Mr. LAGUARDIA. If the majority of the committee wants to sit they have the authority, and we can not be in two places at the same time.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

GENERAL LEAVE TO EXTEND REMARKS

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that all Members may be privileged to extend their remarks upon Senate Joint Resolution 49, the Muscle Shoals bill, for five legislative days, dating from to-morrow.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

LEAVE OF ABSENCE

The following leave of absence was granted:

To Mr. COCHRAN of Pennsylvania, on account of the death of a close relative.

To Mr. MORGAN, for two days, on account of important business.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and under the rule referred as follows:

S. 4538. An act authorizing the construction, maintenance, and operation of a bridge across the Missouri River between Council Bluffs, Iowa, and Omaha, Nebr.; to the Committee on Interstate and Foreign Commerce.

ENROLLED BILLS SIGNED

Mr. CAMPBELL of Pennsylvania, from the Committee on Enrolled bills, reported that that committee had examined and found truly enrolled bills and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 7955. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1931, and for other purposes;

H. R. 9412. An act to provide for a memorial to Theodore Roosevelt for his leadership in the cause of forest conservation;

H. R. 11433. An act to amend the act entitled "An act to provide for the acquisition of certain property in the District of Columbia for the Library of Congress, and for other purposes," approved May 21, 1928, relating to the condemnation of land;

H. J. Res. 328. Joint resolution authorizing the immediate appropriation of certain amounts authorized to be appropriated by the settlement of war claims act of 1928;

H. J. Res. 346. Joint resolution to supply a deficiency in the appropriation for the employees' compensation fund for the fiscal year 1930;

H. J. Res. 349. Joint resolution making an appropriation to the Grand Army of the Republic Memorial Day corporation for use on May 30, 1930; and

H. J. Res. 350. Joint resolution to provide funds for payment of the expenses of the Marine Band in attending the Fortieth Annual Confederate Veterans' Reunion.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 15. An act to amend the act entitled "An act to amend the act entitled 'An act for the retirement of employees in the classified civil service, and for other purposes,' approved May 22, 1920, and acts in amendment thereof," approved July 3, 1926, as amended.

BILLS PRESENTED TO THE PRESIDENT

Mr. CAMPBELL of Pennsylvania, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H. R. 293. An act for the relief of James Albert Couch, otherwise known as Albert Couch;

H. R. 567. An act for the relief of Rolla Duncan;

H. R. 591. An act for the relief of Howard C. Frink;

H. R. 649. An act for the relief of Albert E. Edwards;

H. R. 666. An act authorizing the Secretary of the Treasury to pay to Eva Broderick for the hire of an automobile by agents of Indian Service;

H. R. 833. An act for the relief of Verl L. Amsbaugh;

H. R. 1198. An act to authorize the United States to be made a party defendant in any suit or action which may be commenced by the State of Oregon in the United States District Court for the District of Oregon for the determination of the title to all or any of the lands constituting the beds of Malheur and Harney Lakes in Harney County, Oreg., and lands riparian thereto, and to all or any of the waters of said lakes and their tributaries, together with the right to control the use thereof, authorizing all persons claiming to have an interest in said land, water, or the use thereof to be made parties or to intervene in said suit or action, and conferring jurisdiction on the United States courts over such cause;

H. R. 1837. An act for the relief of Kurt Falb;

H. R. 2152. An act to promote the agriculture of the United States by expanding in the foreign field the service now rendered by the United States Department of Agriculture in acquiring and diffusing useful information regarding agriculture, and for other purposes;

H. R. 2604. An act for the relief of Don A. Spencer;

H. R. 5259. An act to amend section 939 of the Revised Statutes;

H. R. 5262. An act to amend section 829 of the Revised Statutes of the United States;

H. R. 5266. An act to amend section 649 of the Revised Statutes (U. S. C., title 28, sec. 773);

H. R. 5268. An act to amend section 1112 of the Code of Law for the District of Columbia;

H. R. 6083. An act for the relief of Goldberg & Levkoff;

H. R. 6084. An act to ratify the action of a local board of sales control in respect to contracts between the United States and Goldberg & Levkoff;

H. R. 6142. An act to authorize the Secretary of the Navy to lease the United States naval destroyer and submarine base, Squantum, Mass.;

H. R. 6151. An act to authorize the Secretary of War to assume the care, custody, and control of the monument to the memory of the soldiers who fell in the Battle of New Orleans, at Chalmette, La., and to maintain the monument and grounds surrounding it;

H. R. 6414. An act authorizing the Court of Claims of the United States to hear and determine the claim of the city of Park Place, heretofore an independent municipality, but now a part of the city of Houston, Tex.;

H. R. 7333. An act for the relief of Allen Nichols;

H. R. 7955. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1931, and for other purposes;

H. R. 8854. An act for the relief of William Taylor Coburn;

H. R. 9154. An act to provide for the construction of a revetment wall of Fort Moultrie, S. C.;

H. R. 9334. An act to provide for the study, investigation, and survey, for commemorative purposes, of the battle field of Saratoga, N. Y.;

H. R. 9412. An act to provide for a memorial to Theodore Roosevelt for his leadership in the cause of forest conservation;

H. R. 10082. An act to authorize the attendance of the Marine Band at the national encampment of the Grand Army of the Republic at Cincinnati, Ohio;

H. R. 10877. An act authorizing appropriations to be expended under the provisions of sections 4 to 14 of the act of March 1, 1911, entitled "An act to enable any State to cooperate with any other State or States, or with the United States, for the protection of the watersheds of navigable streams, and to appoint a commission for the acquisition of lands for the purpose of conserving the navigability of navigable rivers," as amended;

H. R. 11433. An act to amend the act entitled "An act to provide for the acquisition of certain property in the District of Columbia for the Library of Congress, and for other purposes," approved May 21, 1928, relating to the condemnation of land;

H. R. 11703. An act granting the consent of Congress to the city of Olean, N. Y., to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Olean, N. Y.; and

H. J. Res. 343. Joint resolution to supply a deficiency in the appropriation for miscellaneous items, contingent fund of the House of Representatives.

ADJOURNMENT

Mr. RANSLEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 18 minutes p. m.) the House, under its previous order, adjourned until to-morrow, Wednesday, May 28, at 11 o'clock a. m.

COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for Wednesday, May 28, 1930, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON EDUCATION

(10.30 a. m.)

Authorizing an annual appropriation to the Braille Institute of America (Inc.) for the purpose of manufacturing and furnishing embossed books and periodicals for the blind and designing the conditions upon which the same may be used (H. R. 9994).

COMMITTEE ON MILITARY AFFAIRS

(10 a. m.)

To amend the national defense act of June 3, 1916, as amended (H. R. 10478).

COMMITTEE ON APPROPRIATIONS

(10.30 a. m.)

Second deficiency bill.

COMMITTEE ON NAVAL AFFAIRS

(10.30 a. m.)

Authorizing the Secretary of the Navy to accept, without cost to the Government of the United States, a lighter-than-air base near Sunnyvale, in the county of Santa Clara, State of California, and construct necessary improvements thereon (H. R. 6810).

Authorizing the Secretary of the Navy to accept a free site for a lighter-than-air base at Camp Kearny, near San Diego, Calif., and construct necessary improvements thereon (H. R. 6808).

COMMITTEE ON BANKING AND CURRENCY

(2.30 p. m.)

To authorize the Committee on Banking and Currency to investigate chain and branch banking (H. Res. 141).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

502. A communication from the President of the United States, transmitting draft of a proposed provision pertaining to an existing appropriation for salaries and expenses of the Federal Radio Commission, contained in the independent offices act, 1931 (H. Doc. No. 431); to the Committee on Appropriations and ordered to be printed.

503. A communication from the President of the United States, transmitting an estimate of appropriation for the Grand Army of the Republic Memorial Day Corporation for the fiscal year ending June 30, 1930, amounting to $2,500 (H. Doc. No. 432); to the Committee on Appropriations and ordered to be printed.

504. A letter from the Secretary of War, transmitting a draft of a bill to authorize the acquisition of lands in Alameda and Marin Counties, Calif., and the construction of buildings and utilities thereon for military purposes; to the Committee on Military Affairs.

505. A communication from the President of the United States, transmitting deficiency estimate of appropriations for the Department of Justice for the fiscal years 1925 and 1928, amount-

ing to $38, and supplemental estimates of appropriations for the fiscal years 1930 and 1931 amounting to $3,609,348; in all, $3,609,386 (H. Doc. No. 433); to the Committee on Appropriations and ordered to be printed.

506. A communication from the President of the United States, transmitting deficiency estimates of appropriations for the Department of State for the fiscal year 1929, amounting to $3,237.20, and supplemental estimate of appropriation for the fiscal year 1930, amounting to $3,484.33; in all $6,721.53 (H. Doc. No. 434); to the Committee on Appropriations and ordered to be printed.

507. A communication from the President of the United States, transmitting deficiency and supplemental estimates of appropriations; proposed authorization for expenditure of Indian tribal funds; and drafts of proposed provisions pertaining to existing appropriations for the Department of the Interior for the fiscal years 1925, 1927, 1929, 1930, and 1931, amounting in all to $556,165.87 (H. Doc. No. 435); to the Committee on Appropriations and ordered to be printed.

508. A letter from the Comptroller General of the United States, transmitting report and recommendation concerning the claim of the corporation C. P. Jensen, of Denmark; to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. LEHLBACH: Committee on the Merchant Marine and Fisheries. H. R. 12599. A bill to amend section 16 of the radio act of 1927; without amendment (Rept. No. 1665). Referred to the House Calendar.

Mr. RANSLEY: Committee on Military Affairs. H. R. 9638. A bill to establish a branch home of the National Home for Disabled Volunteer Soldiers at or near Roseburg, Oreg.; with amendment (Rept. No. 1666). Referred to the Committee of the Whole House on the state of the Union.

Mr. DYER: Committee on the Judiciary. H. R. 12347. A bill to provide for the appointment of an additional district judge for the eastern district of Missouri; without amendment (Rept. No. 1667). Referred to the Committee of the Whole House on the state of the Union.

Mr. FISH: Committee on Foreign Affairs. H. J. Res. 322. A joint resolution authorizing payment of the claim of the Norwegian Government for interest upon money advanced by it in connection with the protection of American interests in Russia; without amendment (Rept. No. 1668). Referred to the Committee of the Whole House on the state of the Union.

Mr. MICHENER: Committee on the Judiciary. H. R. 12350. A bill to provide for the appointment of an additional district judge for the eastern district of Michigan; without amendment (Rept. No. 1669). Referred to the Committee of the Whole House on the state of the Union.

Mr. McSWAIN: Committee on Military Affairs. H. R. 6128. A bill to establish a national military park to commemorate the Battle of Kings Mountain; without amendment (Rept. No. 1671). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BUTLER: Committee on Claims. S. 1299. An act for the relief of C. M. Williamson, C. E. Liljenquist, Lottie Redman, and H. N. Smith; without amendment (Rept. No. 1660). Referred to the Committee of the Whole House.

Mr. BOX: Committee on Claims. S. 1748. An act for the relief of the Lakeside Country Club; without amendment (Rept. No. 1661). Referred to the Committee of the Whole House.

Mr. JOHNSON of Nebraska: Committee on Claims. H. R. 4281. A bill for the relief of Daniel Coakley; without amendment (Rept. No. 1662). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 8898. A bill for the relief of Viola Wright; without amendment (Rept. No. 1663). Referred to the Committee of the Whole House.

Mr. NELSON of Wisconsin: Committee on Claims. H. R. 12023. A bill to repeal the provision of law granting a pension to Lois Cramton; without amendment (Rept. No. 1664). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DENISON: A bill (H. R. 12640) for the retirement of employees of the Panama Canal and the Panama Railroad Co. of Panama, who are citizens of the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. GIBSON: A bill (H. R. 12641) to amend an act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901, and the acts amendatory thereof and supplemental thereto; to the Committee on the District of Columbia.

By Mr. WHITEHEAD: A bill (H. R. 12642) to amend the act entitled "An act to readjust the pay and allowances of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service," approved June 10, 1922, as amended; to the Committee on Military Affairs.

By Mr. CRAMTON: A bill (H. R. 12643) creating the Port Huron-Sarnia international bridge commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.; to the Committee on Interstate and Foreign Commerce.

By Mr. BRITTEN: A bill (H. R. 12644) to divest prize-fight films of their character as subjects of interstate or foreign commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BACON: Resolution (H. Res. 228) to amend rule 14 of the Rules of the House of Representatives; to the Committee on Rules.

By Mr. HAUGEN: Resolution (H. Res. 229) for the consideration of H. R. 11514 to define preserves, jam, jelly, and apple butter, to provide standards therefor, and to amend the food and drugs act of June 30, 1906, as amended; to the Committee on Rules.

By Mr. CHINDBLOM: Joint resolution (H. J. Res. 351) providing for an investigation and report by a committee to be appointed by the President with reference to the representation at and participation in the Chicago World's Fair Centennial Celebration, known as the Century of Progress Exposition, on the part of the Government of the United States and its various departments and activities; to the Committee on Ways and Means.

By Mr. COLLINS: Joint resolution (H. J. Res. 352) extending the franking privilege; to the Committee on the Post Office and Post Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOWMAN: A bill (H. R. 12645) granting an increase of pension to Rachel E. Zinn; to the Committee on Invalid Pensions.

By Mr. CONNERY: A bill (H. R. 12646) for the relief of Frank G. Mullay; to the Committee on Military Affairs.

By Mr. DUNBAR: A bill (H. R. 12647) granting a pension to Richard Lapp; to the Committee on Pensions.

By Mr. HOPE: A bill (H. R. 12648) granting a pension to Rowena M. Tillberry; to the Committee on Invalid Pensions.

By Mr. HOPKINS: A bill (H. R. 12649) granting an increase of pension to Carline F. Lehr; to the Committee on Invalid Pensions.

By Mr. KELLY: A bill (H. R. 12650) for the relief of T. W. Mallonee; to the Committee on Claims.

By Mrs. LANGLEY: A bill (H. R. 12651) granting a pension to Millie White; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12652) granting a pension to John D. Hoskins; to the Committee on Pensions.

By Mr. MEAD: A bill (H. R. 12653) for the relief of Frank Drodowsky, otherwise known as Frank Weber; to the Committee on Military Affairs.

By Mr. McREYNOLDS: A bill (H. R. 12654) granting an increase of pension to Sarah Emaline Hickey; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 12655) granting a pension to Mary E. Bunch; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H. R. 12656) granting a pension to Ellen Griffin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12657) granting a pension to Martin T. Atkins; to the Committee on Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 12658) granting a pension to Mary Louise Baker; to the Committee on Invalid Pensions.

By Mr. VESTAL: A bill (H. R. 12659) for the relief of Harrison Simpson; to the Committee on Claims.

By Mr. JOHNSON of South Dakota: Resolution (H. Res. 227) to pay James W. Boyer, jr., for extra and expert services to the Committee on World War Veterans' Legislation; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7390. By Mr. TAYLOR of Colorado: Petition of citizens of Breckenridge, Colo., urging congressional action for national vote on the repeal of the eighteenth amendment; to the Committee on the Judiciary.

7391. By Mr. YATES: Petition of Max Levy & Co., 845-865 Rees Street, Chicago, Ill., protesting and opposing the passage of House bill 9232; to the Committee on Labor.

7392. Also, petition of Miehle Printing Press & Manufacturing Co., Chicago, Ill., protesting the passage of the Sproul bill, H. R. 9232; to the Committee on Labor.

7393. Also, petition of Acme Steel Co., 2840 Archer Avenue, Chicago, protesting against House bill 11096; to the Committee on the Post Office and Post Roads.

7394. Also, petition of Bessie Bragg Pierson, president Illinois Woman's Athletic Club, Chicago, Ill., urging the passage of House bill 10344 but protesting the passage of House bill 11096; to the Committee on the Post Office and Post Roads.

SENATE

WEDNESDAY, *May 28, 1930*

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

O Thou who but yesternight didst enfold the slumbering world in rayless majesty that again Thou mightest bring forth the day in which Thou hast decked Thyself with light as with a garment, we thank Thee for the hours of rest after toilsome labor and the joy of doing with all our might whatsoever Thou commandest, divinely surprised by the beautiful thoughts Thou thinkest in us. Refresh us with the precious things of earth and the fullness thereof—the lengthening daylight, the pulsings of spring, the new robe of verdure with which nature is clothed—that we may be happy as children while striving as men, knowing that we're armed without if innocent within.

Keep our hearts pure, our thinking straight, our spirits humble, that from all seeming evil we may still educe the good and find on duty's highway that holy shrine where buds the promise of celestial worth. Through Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Monday last, when, on request of Mr. FESS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Farrell, its enrolling clerk, announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 5258. An act to repeal section 144, title 2, of the act of March 3, 1899, chapter 429 (sec. 2253 of the Compiled Laws of Alaska); and

H. R. 5261. An act to authorize the destruction of duplicate accounts and other papers filed in the offices of clerks of the United States district courts.

The message also announced that the House had agreed to Concurrent Resolutions 35 and 36, in which it requested the concurrence of the Senate.

CORRECTION OF MISSTATEMENT OF VIEWS ON PROHIBITION

Mr. JONES. Mr. President, I do not very often refer to items in newspapers relating to myself. I think, however, that once in a while it may be justified. I gave out a statement on yesterday to the newspapers in regard to prohibition and certain action taken in my State. I did not suppose it would create any furor or hubbub as is indicated in the papers. It was simply a statement of the attitude which I have had for a great many years. But apparently some of our papers are disposed to grasp at straws and try to get hold of anything which they may use to impress the people with the idea that prohibition is losing and men are changing their opinions about it, and so on.

I am satisfied that the newspaper reporters gave accurate statements to their papers. They are honorable men and do not seek to misrepresent anyone. I have no doubt about that, but they do not control the columns of their papers, nor do they control the policies of their papers. I assume they do not control the headlines either.

I want to call attention to one or two real misrepresentations; they may not be intended as misrepresentations, but they have that effect.

In the morning Washington Post there is a headline to which I wish to call attention. Headlines are a very effective means by which impressions are made upon the people. Many people get their impressions from the headlines without giving very careful, if any, consideration to the body of the article. I find in the morning Washington Post this headline:

Referendum urged on liquor by JONES.

There is absolutely no basis whatever for that headline. I have not urged and did not urge in the statement which I issued a referendum on liquor. I suggested to those who are opposed to prohibition that in my State there is a provision in the laws by which a referendum could be had, and suggested that that was the method they should follow. I would not urge a referendum on the liquor question at all. I am very well satisfied with the conditions set out in the eighteenth amendment and would not change it till we can get something better. Those who want to change our legislation or the Constitution are the ones who can try, if they desire, to take advantage of the referendum laws of my State.

At the beginning of the article it is said:

Senator WESLEY L. JONES (Republican), Washington, hurled a bombshell—

I did it all inadvertently if that was the result. I never supposed there was any bombshell about it. It was a simple statement of the views I have held for a long time—

into the wet-dry controversy yesterday in announcing that "the proper and courageous thing to do" would be to submit prohibition to a referendum in his State and that he would abide by its dictum in voting in the Senate for repeal, modification, or enforcement of the eighteenth amendment.

Mr. President, I said nothing of the kind. What I did say was, and I think the statement is perfectly clear, that if those opposed to prohibition would take advantage of the law to call for a referendum and have a referendum vote and the people of my State should vote to ask Congress to submit to the people the question of a modification of the eighteenth amendment or its repeal, I would vote in the Senate to submit—mark that, submit—that question to the people.

That is entirely different from the statement as it was made in the paper. I would gladly do that. If the people want to have the question submitted to them in the regular way provided by the Constitution, I am perfectly willing to give my people an opportunity to pass upon it; but I would not vote for repeal and I would not vote for modification. After the proposition to repeal or modify the eighteenth amendment would be submitted to the people of my State, I would vote against it myself and I would use all my power to induce the people of my State to vote against it; but I will vote, at the request duly made of the people of my State, for a proposition in the Senate to submit the question to them. That is an entirely different proposition than one to repeal the eighteenth amendment.

I find in the New York Times the following headline:

JONES will go wet if State so directs.

[Laughter.]

If anybody can find any justification for a headline like that in anything I have said they are welcome to it. If the wets are so anxious to find something consoling, if my statements bring them consolation, they are welcome to it. My views and attitude on prohibition have not changed one iota.

Mr. President, I ask that my statement which I gave out may be printed as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

STATEMENT BY SENATOR JONES REGARDING THE ACTION OF THE STATE CONVENTION AT BELLINGHAM

In my judgment the action of our State Republican convention at Bellingham on prohibition represents the sentiment of a small fraction of the people of the State of Washington so far as it looks to the sale of liquor. It binds no one.

Prohibition is not a partisan question. It should not be made one, at least until this absolutely appears necessary and there becomes a definite division between prohibitionists and antiprohibitionists regardless of old political partisan lines.

There is only one way the legal sale of liquor for beverage purposes can be brought about; the people have prescribed the way to do this. Those apparently in control of the convention did not seem to have the courage to follow the course laid out by the people themselves. The Constitution of the United States lays down the way by which